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**Tuesday**

**30 January 1996**

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January 1996

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# Daily Report

## China

FBIS-CHI-96-020

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### General

**PRC: Spokesman on 'Foreign Warship' in Strait**  
*OW3001130196 Beijing XINHUA Hong Kong Service  
in Chinese 1154 GMT 30 Jan 96*

[By reporter Hai Sheng (3189 3932)]

[FBIS Translated Text] Beijing, 30 Jan (XINHUA) — Chinese Foreign Ministry spokesman Chen Jian said here this afternoon that in view of the present condition in the Taiwan Strait, China is paying close attention to [shi fen guan zhu 0577 0433 7070 3137] foreign warships passing through the Taiwan Strait. He said: China hopes the situation in the Taiwan Strait will remain stable and is against any foreign forces meddling in the Taiwan issue.

The above remarks were made by Chen Jian in answer to a reporter's question in connection with the passing of a U.S. aircraft carrier through the Taiwan Strait. He said: The Taiwan Strait is a strait used for international navigation. Innocent passage [wu hai tong guo 2477 1364 6639 6665] by foreign vessels is permissible, but they should abide by the relevant international laws and practices when passing through the strait.

**PRC: Spokesman Blames Taiwan for Lack of Talks**  
*OW3001145296 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1227 GMT 30 Jan 96*

[FBIS Translated Text] Beijing, 30 Jan (ZHONGGUO XINWEN SHE) — Foreign Affairs Ministry spokesman Chen Jian today said that the Taiwan authorities must bear all responsibility for the failure to hold talks between leaders of the two sides of the strait.

Today is the first anniversary of Jiang Zemin's eight-point proposal speech, and Chen Jian said this when answering reporters' relevant questions.

Chen Jian pointed out: In the past year, the Taiwan authorities not only refused to make any positive response to Jiang Zemin's eight-point proposal, but also carried out activities of splitting the motherland in the international arena and seriously harmed cross-strait relations.

The spokesman stressed that Jiang Zemin's speech now remains a programmatic document for the settlement of the Taiwan issue.

He said: In the Ninth Five-Year Plan period, China will recover the exercise of sovereignty over Hong Kong and Macao, and after that, the reunification of the two sides of the strait will become a more prominent issue.

Chen Jian pointed out: At present, while creating a false impression of relaxation between the two sides of the strait, they are still stepping up activities of creating

"two Chinas," still pursuing the so-called "elastic and pragmatic diplomacy," and purchasing a large quantity of military equipment. He said: Only when the Taiwan authorities stop activities of splitting the motherland not only in word but also in deed will cross-strait relations be able to be restored.

The spokesman reiterated that China will continue to pursue the peaceful reunification principle; but at the same time, China will continue to stress, as usual, that being a sovereign state, if necessary, nonpeaceful means will be used to realize national reunification. However, if foreign forces attempt to separate Taiwan from the motherland or Taiwan is made independent, China will use armed force to realize the motherland's reunification without any hesitation.

**PRC: ROK-U.S. 'Differences' Cited on DPRK Food Aid**

*SK2701145696 Beijing China Radio International  
in Korean 1100 GMT 27 Jan 96*

[FBIS Translated Text] The ROK, the United States, and Japan held an assistant minister-level conference in Honolulu, Hawaii on 25 January and discussed the Korean issue.

Differences were revealed between the ROK and the United States concerning the issue of giving food aid to the DPRK. One day before the conference began, the delegates of the three countries held bilateral talks. Talks were held between the ROK and Japan, between the United States and the ROK, and between the United States and Japan. They held tripartite talks on 25 January.

They intensively discussed the issue of whether food aid should be given to the DPRK. Prior to attending the conference, U.S. Assistant Secretary of State Lord said the United States will offer food aid to the DPRK. However, the ROK side said Pyongyang has not changed its hostile attitude toward Seoul and that the ROK will thus not provide aid to North Korea for the time being.

By stressing this position that day, the ROK delegation has successfully persuaded Japan.

### United States & Canada

**PRC: Sino-Canadian Trade Ties Improve**

*OW2901161596 Beijing ZHONGGUO XINWEN SHE  
in English 1323 GMT 29 Jan 96*

[FBIS Transcribed Text] Toronto, January 29 (CNS) — During the past few years, economic and trading links

between China and Canada have become more close-knit. In 1995 bilateral trade value grew by 25 percent. The number of deputy ministerial officials who visited Canada last year almost doubled that of 1994 to reach 78 and speaks for the close relationship that exists between the two countries, according to the Chinese Embassy in Canada.

Of the delegations that visited Canada in 1995, the most outstanding was that led by Li Peng last October when the Chinese Premier headed an entourage that included the Secretary-General of the General Office of the State Council Luo Gan, State Planning Commissioner Chen Jinhua and executive officers from 13 major state firms under the direct supervision of the State Council.

In the opinion of Canadian businessmen, dialogue between Chinese and Canadian businessmen had prompted frequent visits to Canada by senior Chinese officials and had greatly helped in accelerating economic and trading ties between the two countries.

In 1994, trade and investment between China and Canada rose 29.4 percent. In 1995, it again jumped 25.6 percent to top C [Canadian] \$7.5 billion. In general, Canadian businessmen feel optimistic about future bilateral ties between the two countries.

#### **PRC: 'Strict Compliance' With Sino-U.S. Communiques Urged**

*OW3001153796 Beijing ZHONGGUO XINWEN SHE in English 1239 GMT 30 Jan 96*

[FBIS Transcribed Text] Beijing, January 30 (CNS) — China's Ministry of Foreign Trade & Economic Co-operation is urging the US Government to act in strict compliance with the three Sino-US Joint Communiques as well as abolish its system of annual review prior to renewing China's most-favoured-nation status.

Ministry spokesman Hu Zhaoqing said at a press briefing today: "Economic and trading ties between China and the USA should not be interrupted by irrelevancies despite the possibility that Sino-US relations may be affected by domestic politics in view of the forthcoming US presidential election."

"As a result of Li Teng-hui's visit to America last year, Sino-US relations suddenly turned sour. However, despite repeated clashes, bilateral economic and trading links continued to accelerate to achieve a 15 percent increase in turnover to US\$ 40.83 billion in 1995 maintaining the US's place as China's third largest trading partner."

Whilst conceding that differences such as the most-favourednation issue, the trade imbalance, the US's anti-dumping policy respecting China, textile exports

to the USA and intellectual property rights remained, Hu pointed out that: "The fact that China, the world's largest developing country, is able to complement the USA, the world's most prosperous country in so far as economic and trading ties are concerned, will continue to see our bilateral ties flourish in 1996."

On the question of joining the World Trade Organisation (WTO), Hu repeated that the Chinese Government's attitude of "On the basis of the Uruguay Round, China will happily accept WTO membership as a developing country and, accordingly, shoulder its commitments commensurate with its standard of economic development." He further said that China was ready to join the WTO at any time but the question of when was not for China to decide.

#### **Near East & South Asia**

##### **PRC: Arab League Chief on PRC Role in Mideast Peace**

*OW2801233596 Beijing XINHUA in English 1750 GMT 28 Jan 96*

[FBIS Transcribed Text] Cairo, January 28 (XINHUA) — Secretary General of the Cairo-based Arab League (AL) Esmat Abdul Meguid has stressed the importance of the Chinese role in supporting the Arab people to seek a durable and just peace in the Middle East.

The AL chief made the remarks in a message to Chinese Foreign Minister Qian Qichen Saturday [27 January]. In the message, he voiced the AL's keenness on boosting Sino-Arab relations.

Abdel Wahab al-Saket, former director of the AL's Arab Department, said in the same day that the coming period will witness a considerable advancement in Arab-Chinese relations.

The volume of trade exchange between Arab countries and China in 1995 reached four billion U.S. dollars.

#### **PRC: Commentator on 'Historic' Palestine Election**

*HK3001041396 Beijing RENMIN RIBAO in Chinese 23 Jan 96 p 6*

[Commentator's article: "An Historic Feat"]

[PTS Translated Text for FBIS] The result of Palestine's first election has been announced: With an overwhelming majority of votes, 'Arafat, chairman of the PLO Executive Committee, won the election and was elected chairman of the Palestine national organ of power (autonomous government). Members of the "Fatah" organization, the mainstream of the PLO led by 'Arafat, have also gained the majority of seats on the Palestine Committee.

The election in Palestine under the direct leadership of the Palestine autonomous regime constitutes an historic feat completed in the land of Palestine. It is another step taken toward building the state of Palestine and ultimately realizing the lofty national objective. The election fully embodied the staunch will of the Palestinian people in yearning for freedom and independence. It is a result achieved by the Palestinian people through long-term struggle and is a victory for Palestine's just cause.

Palestine's election is actually a "determination by the all the people" on Palestine-Israel peace. 'Arafat won widespread support in the current election and his victory elated the broad ranks of Palestinian people in both Gaza and the West Bank of the Jordan, which shows that the Palestinian people, who experienced and suffered the war years, deeply believe that the policy of peace pursued by 'Arafat is the only correct choice to realize the long-cherished wish of the people and to rebuild their homeland.

The Palestinian people cherished very much the hard-won election. They regarded the election as a golden opportunity to exercise their legitimate national rights. With great political enthusiasm and a strong sense of participation in political affairs, they vigorously and seriously plunged themselves into the election. The proportion of registered voters in both the West Bank of the Jordan and Gaza reached 90 percent. Although unfavorable factors affecting voter sentiment appeared in East Jerusalem and Hebron, the overall voting rate in Palestine's presidential election reached as high as 60 percent and even exceeded 95 percent in some towns and villages. The effective organization work of the Palestine Autonomous Government has been affirmed and has won the praise of observers from all countries. The election embodied the principles of fairness, freedom, and democracy, as it was carried out in an orderly way strictly in accordance with Palestine's "Election Law." This proved from one aspect that the Palestinian people are totally capable of managing their own affairs and being masters of their own destiny. The birth of the Palestine autonomous regime is conducive to Palestine's social stability and economic development.

The "Principled Declaration on Arrangements for Provisional Autonomy" signed by Palestine and Israel in September 1993 stipulated that Palestine's election should be held no later than nine months after the declaration went into effect. As both sides still had serious differences on a number of issues and the extremist forces on each side tried to hinder and undermine the progress of the talks, the Palestine-Israel "Taba Agreement" was not officially signed until the end of last September. Over a month or so at the end of last

year, Israeli troops withdrew from Jenin and five other cities and townships, which paved the way for Palestine's election. On the question of the troops withdrawal and preparations for the election, Israel basically honored its commitments made in the "Principled Statement" and the "Taba Agreement," and offered cooperation, which included shortening as much as possible the period of army redeployment and duly increasing the seats on the Palestine Committee. Hence, Palestine's successful election increased mutual trust and cooperation between Palestine and Israel. It is a good indication of the deep-going development of the Palestinian-Israeli peace process, which will exert a positive influence on the comprehensive and just solution of the Middle East question.

The elected Palestine Committee will have legislative powers. This is an important turning point in the building of Palestine's organs of power. The committee and the national organs of power will work out a "constitutional" basic law for the transition of Palestine's autonomy and also determine the general principles and strategy for the upcoming talks between Palestine and Israel on their ultimate status. It should be noted that from the election of the Palestine Committee and the formation of the executive organs to the establishment of the State of Palestine, enjoying genuine sovereignty, from the West Bank of the Jordan to Gaza, the Palestinian people are shouldering a very arduous mission. The talks between Palestine and Israel on their ultimate status will involve Jerusalem, settlements, the return of refugees, borders, and other thorny issues, which will be a more complicated struggle.

## Latin America & Caribbean

PRC: Zhu Rongji Arrives in Argentina for 4-Day Visit

OW2601160296 Beijing XINHUA in English  
1547 GMT 26 Jan 96

[FBIS Transcribed Text] Buenos Aires, January 26 (XINHUA) — Chinese Vice Premier Zhu Rongji arrived here this morning for a four-day official visit to Argentina.

In a written speech at the airport, Zhu stated that his visit aims to enhance mutual understanding and strengthen the contact between the two countries' high-ranking officials. He also hoped that his visit will be conducive to promoting the mutual cooperation in all fields.

Recalling Argentine President Carlos Saul Menem's second tour to China in October last year, Zhu said the visit marked a new stage of the friendly and cooperative relations between China and Argentina.

During his visit, Zhu will meet President Menem, Prime Minister Eduardo Bauza and Minister of Economy, Works and Public Service Domingo Felipe Cavallo.

Both leaders will exchange views on the development of bilateral relations and international issues of common concern, as well as ways for further cooperation between the two countries.

Zhu is also expected to hold wide-ranging talks with local entrepreneurs.

This is the first time that Zhu has ever visited Argentina, the first stop of his Latin America and Europe tour that will take him to Chile, Uruguay and Germany.

**PRC: Argentine Minister Met With Zhu Rongji**

*OW3001040696 Beijing XINHUA Domestic Service in Chinese 0913 GMT 27 Jan 96*

[By reporter Xue Hong (5641 7703)]

[FBIS Translated Text] Buenos Aires, 26 Jan (XINHUA) — Argentine Minister Coordinator Eduardo Bauza met with visiting Chinese Vice Premier Zhu Rongji at the Presidential House in the evening of 26 January.

At the meeting, Zhu Rongji first conveyed Premier Li Peng's cordial regards and best wishes to Bauza.

Zhu Rongji said: Being a large country in Latin America, Argentina plays an important role in regional and international affairs. The Chinese Government attaches great importance to developing its relations with Argentina. He said the purpose of his current visit is to further develop friendly and cooperative relations between the two countries.

He said: Although the social systems and cultural traditions of the two countries are different, there are no conflicts of fundamental interests and outstanding unresolved issues between China and Argentina, both being developing countries. The two countries support one another in international affairs and cooperate closely in economic construction.

Zhu Rongji pointed out: Both China and Argentina are in a period of rapid development. The economies of the two countries, each having its own advantages, are strongly complementary. I hope the governments of the two countries will work together to encourage their enterprises to invest in each other's country and participate in developing the markets in both countries, and to continue to open up new avenues for economic and trade cooperation so as to bring the bilateral friendly and cooperative relations to a new level.

He maintained that in the past 24 years since the establishment of diplomatic relations between China and Argentina, bilateral relations have developed well. In recent years in particular, mutual visits by high-ranking officials of the two countries have been frequent. Marked progress has been made in economic and trade cooperation as well as in other areas. Bilateral relations in various areas have developed smoothly and are satisfactory.

During the meeting, Bauza asked Zhu Rongji to convey his sincere regards and best wishes to Premier Li Peng. He said: The Argentine Government highly appreciates the great achievements China has made in reform and opening to the outside world, and in economic construction. China has not only successfully curbed inflation but has also succeeded in maintaining social stability and a rapid rate of economic development. This experience is worth learning from.

Bauza stressed: China is a world power, a member of the UN Security Council, and is in the process of developing into an economic power. Argentina attaches great importance to China's important role in international affairs. He said that Argentina will adhere to the one-China policy and will actively support China's joining the World Trade Organization.

Bauza pointed out: Both Argentina and China are developing countries. Both are in the process of putting into practice a market economy through reform and opening to the outside world. As the world economy continues to develop toward integration, enterprise groups, and regional blocs, it is even more important to strengthen bilateral relations. In recent years, relations between the two countries in various spheres have been developing fairly rapidly. Argentina hopes to join hands with China to open up new avenues and areas of cooperation beneficial to both countries.

After the meeting, Bauza hosted a banquet in honor of Zhu Rongji.

Prior to the banquet, Zhu Rongji separately met with Argentine Economic Minister Cavallo and Acting Minister of Foreign Affairs (Patelera). They exchanged views on strengthening and developing bilateral cooperation, as well as on major international and regional issues, and achieved broad consensus on these matters.

At the invitation of the Argentine Government, Vice Premier Zhu Rongji arrived in Buenos Aires on the morning of 26 January to begin a four-day official visit to Argentina.

**PRC: Zhu Rongji Departs Argentina for Chile**

*OW3001024596 Beijing XINHUA in English  
0145 GMT 30 Jan 96*

[FBIS Transcribed Text] Buenos Aires, January 29 (XINHUA) — Chinese Vice Premier Zhu Rongji today left for Chile after completing a 4-day visit to Argentina.

Argentine President Carlos Menem met Zhu and they discussed matters of mutual interest.

Zhu also met prominent Argentine businessmen and discussed with them bilateral economic and trade cooperation.

During his 4-day stay in Argentina, Zhu held separate meetings with cabinet leader Eduardo Bauza, Minister of Economy Domingo Cavallo and acting Foreign Minister Fernando Petrella.

The Chinese vice premier also toured "Siderca", a steel plant in Argentina.

Zhu Rongji arrived in Buenos Aires on January 26. Argentina was the first leg of his four-nation tour which will also take him to Chile, Uruguay and Germany.

**PRC: Zhu Rongji Arrives in Chile for Official Visit**

*OW3001032696 Beijing XINHUA in English  
0210 GMT 30 Jan 96*

[FBIS Transcribed Text] Santiago, January 29 (XINHUA) — Chinese Vice Premier Zhu Rongji arrived here this afternoon at the start of an official 4-day visit to Chile at the invitation of the Chilean government.

In a written statement distributed at the airport, Zhu stressed that his visit is aimed at strengthening high-level contacts, increasing mutual understanding, promoting the cooperation of mutual benefit and accelerating the development of all-round friendship and cooperation between China and Chile.

Zhu said the last few years had witnessed the sustained efforts made by the Chilean government to speed up economic development and improve the living standards of the Chilean people and of the notable successes achieved in the country.

He expressed satisfaction over the development of friendship and bilateral cooperation between China and Chile in the past 25 years since the two countries established diplomatic relations. Thanks to the joint efforts of both countries, bilateral cooperation has been fruitful in the political, economic, trade, cultural and technical-scientific fields, he added.

He also said Chilean President Eduardo Frei's successful visit to China not long ago elevated the existing ties of friendship and cooperation between the two nations.

During his stay in the country, Zhu will hold talks with President Frei, Chief Justice Servando Jordan Lopez, President of the Chamber of Deputies Jaime Estevez, Foreign Minister Jose Miguel Insulza and other government officials. He will also meet a number of Chilean businessmen.

Trade between China and Chile has been growing in the past few years. It increased from about 90 million U.S. dollars in 1990 to more than 600 million U.S. dollars in 1994.

The Chinese vice premier arrived here after a visit to Argentina. He will also visit Uruguay and Germany.

**PRC: Chen Muhua Met With Mexican Senate Visitors**

*OW2401111096 Beijing XINHUA in English  
1045 GMT 24 Jan 96*

[FBIS Transcribed Text] Beijing, January 24 (XINHUA) — Chen Muhua, vice-chairman of the Standing Committee of China's National People's Congress (NPC), met with Vice President Jose Murat of the Mexican senate and his party here today.

The two sides exchanged views on Sino-Mexican relations and the friendly ties between the two parliaments.

The Mexican visitors are here as guests of the NPC Standing Committee.

**Political & Social**

**PRC: Nuclear Testing Program To Proceed 'as Planned'**

*BK3001095896 Hong Kong AFP in English  
0945 GMT 30 Jan 96*

[FBIS Transcribed Text] BEIJING, Jan 30 (AFP) — China said Tuesday it had noted France's decision to end its series of nuclear tests, but stressed that its own testing programme would go ahead as planned.

"The position of the Chinese government on nuclear testing is a clear-cut one and remains unchanged," foreign ministry spokesman Chen Jian said when asked to comment on the French decision announced Monday.

Military experts predict that China will carry out three nuclear tests this year, prior to the expected conclusion of the Comprehensive Test Ban Treaty (CTBT).

"The purpose of China's nuclear testing and development of nuclear weapons is solely for self defence," Chen said, reiterating that China had been very restrained in its testing programme compared to the other declared nuclear states. Since detonating its first atomic bomb in 1964, China has carried out 43 nuclear tests, two of them last year.

Chen reiterated Beijing's stance that it would cease nuclear testing once the CTBT came into force, but indicated that its testing programme could be extended in the event of the treaty's implementation being delayed.

"As far as international law is concerned, legal obligations can only be binding after the international convention in question enters into force," Chen said.

France's decision once again leaves China as the sole nuclear power to maintain a weapons testing programme.

The Japanese foreign ministry warned Beijing on Tuesday that it would "most probably" maintain its freeze on grant assistance to China if it goes ahead with further tests this year.

However, Japan would probably not go beyond this step, which is already "a very severe measure," ministry spokesman Hiroshi Hashimoto said.

The United States has reputedly carried out around 950 tests, Russia about 600, France 200 and Britain 60.

**PRC: Yang Shangkun Arrives in Shenzhen**

*HK3001091996 Hong Kong MING PAO in Chinese  
30 Jan 96 p A1*

("Special article" by Lin Szu-wen (2651 2448 2429): "Yang Shangkun Comes South To Guangdong for an

Inspection and the Spring Festival—He Is as Healthy as Ever at the Venerable Age of 89"]

[PTS Translated Text for FBIS] China's former State President Yang Shangkun, who is on an inspection tour of Guangdong, arrived in Shenzhen yesterday. It is understood that Yang Shangkun and his party will stay in Shenzhen for a while and spend Lunar New Year in Guangdong.

A source disclosed that while in Shenzhen, apart from paying visits, Yang will also listen to reports from the city government on issues including how it will converge with Hong Kong in the run-up to 1997.

Some time ago, this reporter happened to see Yang on an occasion in Guangdong. At that time, he was presenting flowers to a bronze statue of Peng Pai, leader of the Peasant Movement in the early days of the CPC, in the Red Square of Haifeng County, Shanmei City. The 89-year-old Yang Shangkun looked vigorous. He was wearing a dark grey jacket with a grey-and-white checked scarf and a peaked cap. He had rosy cheeks with little liver spots. He could basically walk unaided and his movements were agile when he bent down to present flowers. During his visit, he asked officials accompanying him, in Mandarin with a thick Sichuan accent, about their conditions. He laughed heartily from time to time, showing his regular teeth. A source familiar with him said: Those are not false teeth; Yang's optimism prolongs his life. Finally, he wrote an inscription which read "Passing on Peng Pai's spirit from generation to generation."

Those accompanying Yang down south included his son Yang Shaoming. Even though they were followed by a throng of reporters, he took out his camera and went up and down taking pictures for his father. Yang Zhaoming said that his father is in good health and can eat and sleep and is still quick-witted.

Yang Shangkun at the start of his trip went from Fujian to Guangdong. Yang Shaoming said, adding that his father has a good impression of these two places because the two provinces have over the last decade been in a forward position and have played a role in pushing for reform and opening up. They would also visit Shenzhen and other places in Guangdong. During the Cultural Revolution, Yang Shangkun was labeled as counterrevolutionary. Following the downfall of the Gang of Four, he made a comeback and assumed the post of deputy secretary of the Guangdong Provincial CPC Committee. Perhaps because of setbacks in his political career, he was particularly active in reversing the verdicts of "unjust, false, and wrong" cases and earned public appreciation when he and Xi Zhongxun, secretary of the

Guangdong Provincial CPC Committee, jointly vindicated those being persecuted. Yang Shaoming also said that his father has "a deep affection" for many things in Guangdong.

Although Yang Shangkun has stepped down from the position of state president, he is still given the "first-class security" provided for leaders at the highest levels during an inspection tour. The hotel at which he stayed was completely closed and only staff were admitted. It is said that within half an hour of Yang's visit, the county Public Security Bureau had dispatched most of its police forces to guard all intersections and provide security at various levels. Seeing such tight security, country folks who seldom see high-ranking officials asked one other: "Who is that important person coming here?"

**PRC: Jiang Zemin, Li Ruihuan on United Front Work**

OW3001023096 Beijing XINHUA Domestic Service in Chinese 1323 GMT 25 Jan 96

[By RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976) and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[FBIS Translated Text] Beijing, 25 Jan (XINHUA) — On 25 January, Jiang Zemin, CPC Central Committee general secretary and PRC president; Li Peng, CPC Central Committee Political Bureau Standing Committee member and State Council premier; Li Ruihuan, CPC Central Committee Political Bureau Standing Committee member and Chinese People's Political Consultative Conference [CPPCC] National Committee chairman; and Hu Jintao, CPC Central Committee Political Bureau Standing Committee and Secretariat member; met with representatives to a national conference of united front work department directors at the Huaientang Hall in Zhongnanhai.

Jiang Zemin said: Under the leadership of the party Central Committee, united front work departments at all levels, guided by Deng Xiaoping's theory on building socialism with Chinese characteristics and centering around the general tasks of the party and the country, have conscientiously implemented the Central Committee's principles and policies on united front work, and have persisted in and improved the system of multi-party cooperation and political consultation led by the CPC in recent years. They have done a lot of work and scored remarkable achievements in properly handling a number of major ethnic and religious issues and safeguarding national unification and unity and social stability; in extensively unifying compatriots in Taiwan, Hong Kong, and Macao and overseas Chinese to promote the great undertaking of the motherland's peaceful reunifi-

cation; and in organizing leaders of the democratic party committee central committees and the All-China Federation of Industry and Commerce, personalities without party affiliations and non-CPC senior intellectuals in conducting study and inspection tours and making suggestions. On behalf of the party Central Committee, I extend sincere gratitude and cordial greetings to all comrades working hard in united front work departments.

Jiang Zemin said: The united front is an important magic weapon for our party to win victories in revolution and construction. During the Democratic Revolution, we applied this magic weapon to topple the three big mountains [imperialism, feudalism, and bureaucrat-capitalism, which weighed like mountains on the backs of the Chinese people before liberation] and to establish New China. Today we must apply this magic weapon even more to push forward the great undertaking of building socialism with Chinese characteristics.

Jiang Zemin emphasized: The united front work department is an important functioning department of the party committee. There is much we can accomplish in united front work, to which the Central Committee has always attached great importance. Party committees at all levels should effectively strengthen the leadership over it, and governments at all levels should render support for united front work. Comrades of united front work departments are urged to continue to advance in a pioneering spirit and work hard to contribute more to consolidating and expanding the patriotic united front in the new era, carrying out the modernization drive, and unifying the motherland and rejuvenating the Chinese nation.

After the meeting, Li Ruihuan and Hu Jintao attended a forum with the representatives in the Huaientang Hall. Li Ruihuan made an important speech.

Li Ruihuan said: Last year, the Central Committee's United Front Work Department and united front work departments of local party committees at all levels, surrounding the general tasks of the party and the county, earnestly implemented the party Central Committee's principles and policies on united front work in the new era, and achieved significant results in launching a series of effective activities, making their share of contributions to consolidating and developing the grand unity of the people across the nation and to ensuring the smooth progress of reform, opening up, and the socialist modernization drive.

Li Ruihuan pointed out: The main task of the current united front work is to exert the utmost efforts to unite all forces that can be united and to mobilize all positive factors that can be mobilized in striving

together for the realization of the Ninth Five-Year Plan and the long-range target for 2010. The Ninth Five-Year Plan and the long-range target for 2010 are the important arrangements mapped out by the party Central Committee, with Comrade Jiang Zemin as the core, for China's future development; and they reflect the fundamental interests of all people of the country and the common aspirations of various circles of society. The achievement of this major goal, which is an extremely difficult and complex undertaking, will be a process of making history by the Chinese people under the CPC leadership. Only by relying on the close unity and alliance of all people, including all parties, organizations, nationalities, and circles, and on the close unity and alliance of all sons and daughters of the Chinese nation, including the mainland compatriots, compatriots in Taiwan, Hong Kong, and Macao, and overseas Chinese, can we overcome all kinds of dangers and difficulties and win the final victory. United front work, a major magic weapon of the party in various stages of revolution and construction, has always served the party's ultimate goal. United front work, in essence, means grand unity and alliance. Under the new historical conditions, we should consciously subordinate ourselves to and serve the general tasks of the party and carry out effective work to promote a broader and more solid grand unity and alliance of the Chinese nation in pursuit of the major goal.

Li Ruihuan emphatically pointed out: To do well in the party's united front work, it is essential to persist in studying and applying Deng Xiaoping's theory on building socialism with Chinese characteristics. In the final analysis, that we have been able to create a lively situation in our united front work in the new era to contribute significantly to reform, opening up, and the modernization drive, is because we have taken the Deng Xiaoping united front theory as our guide. All comrades engaged in the party's united front work should enhance their awareness of studying Deng Xiaoping's theory on building socialism with Chinese characteristics; strive to master Comrade Deng Xiaoping's stand, views, and methods in observing, analyzing and solving problems; and persist in integrating the theory with the reality of united front work. Integration means application, persistence, and development. Comrade Deng Xiaoping's concept that a united front in the new era is "the broadest alliance between all socialist laborers and patriots supporting socialism and motherland reunification" and a series of his other important related views have eliminated the "left" influence on the issue of united front, have solved the fundamental problem for consolidating and developing the united front in the new era, and added new substance to the Marxist treasure-house on united front theory. So long as we persist in permeating

this theory into the work of various fields, we will be able to continuously consolidate and expand the patriotic united front.

He said: We should advocate the style of going down to the grass roots to study problems; and gradually set up a system and foster a general atmosphere of making the style a customary practice. In the process of establishing a socialist market economic system, united front work, as in the work of other fields, is confronted with new circumstances and problems. We should not give simple, quick conclusions to complex problems that we are not familiar with; but should adopt a sober analytical approach and go deep into the reality at the grass roots to mingle with the masses and conduct thorough, meticulous, systematic investigative study. For problems that occur repeatedly and exist universally, we should spend even more time and make a greater effort to study comprehensively to find out their intrinsic relations and root causes. This is the fundamental way for understanding problems, formulating policies, and adopting countermeasures correctly. In studying problems, we must persist in emancipating our minds and seeking truth from facts. Under the common goal of building socialism with Chinese characteristics, we should encourage new opinions and views, and allow new explorations. Only by doing so can the united front theory keep pace with the development of practice and can errors in united front work be minimized and vigor and vitality be instilled into united front work.

Wen Jiabao, CPC Central Committee Political Bureau alternate member and Secretariat member, and state Councillor Luo Gan attended the meeting and forum today. Wang Zhaoqiu, CPPCC National Conference vice chairman and CPC Central Committee United Front Work Department director, chaired the forum and gave a briefing of the recent national conference of united front work department directors and the current united front work. United Front Work Department Director Zhany Yonggen of the Tianjin municipal party committee, Wang Shenghong of the Shanghai municipal party committee, Shi Yuzhen of the Hunan provincial party committee, Mou Benli of the Gansu provincial party committee, and Wu Huiqin of the Shanxi provincial party committee spoke at the forum.

The national conference of united front work department directors was held on 22 January. The main tasks and topics on the agenda were, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, to further implement the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee, transmit and study the recent important guidelines of central leading comrades on united front work, study the main tasks of this year's

work, and further clarify principles and policies on united front work. In his work report, Wang Zhao discussed four issues: (1) the basic situation of last year's united front work; (2) the importance of obtaining a deep understanding of united front work in light of the overall situation; (3) the need of united front cadres to heed politics and to continuously enhance the political awareness; and (4) the need to carry forward the fine tradition and to explore united front activities and methodology under the new situation.

Senior officials from the relevant central departments who attended the meeting and the forum were Zeng Qinghong, Lin Yandong, Li Tek Su, Zheng Wantons, Jiang Minkuan, Chen Hong, and Ye Xiaowen.

#### PRC: Jiang Zemin Addresses Discipline Inspection Meeting

OW3001021196 Beijing XINHUA Domestic Service in Chinese 1227 GMT 26 Jan 96

[FBIS Translated Text] Beijing, Jan 26 (XINHUA) — In his important speech to the sixth plenary session of the CPC Central Discipline Inspection Commission today, CPC Central Committee General Secretary Jiang Zemin emphatically pointed out: Our party holds the key to fulfilling China's Ninth Five-Year Plan and accomplishing the magnificent cross-century goal. Under the new historical conditions and in the new domestic and international environment, we must strive to maintain the party's character as the vanguard of the working class, constantly enhance its cohesion and fighting power, and earnestly raise its governing and leadership standards. This is a fundamental issue that will determine if socialism will strengthen and develop in China. Party committees at all levels must be aware of the enormous importance of party building from a strategic and overall perspective, closely focus on the central task of economic construction, and continue to strengthen party building in an all-round way. In accordance with the Central Committee's arrangements, party committees at all levels must step up efforts to unswervingly deepen the anticorruption struggle and make sure that leading cadres are honest and exercise self-discipline and that the drive to investigate and handle cases of violations of law and discipline and rectify unhealthy practices in various departments and trades produce greater and more distinct and tangible results.

Li Peng, Qiao Shi, Li Ruihuan, Liu Huqing, Hu Jintao, Tian Jiyun, Wu Bangguo, Jiang Chunyun, Wen Jiabao, Zhang Zhen, Zhang Wannian, Chi Haotian, Ren Jianxin, Li Guixian, Luo Gan, and Wu Xueqian attended the session. Wei Jianxing chaired the session.

Jiang Zemin said: Since the 14th National Party Congress, the Central Committee has attached great importance to building a fine party style and a clean government and carrying out the anticorruption struggle. It has further clarified the guiding ideology, goal, demands, basic principles, and work setup for combating corruption and promoting honesty and has successively adopted a series of important measures, which produced interim results. Particularly last year, the Central Committee directly took charge of the investigation and handling of the crime case by Wang Baosen and the serious mistakes by Chen Xitong; and party committees and governments at all levels made vigorous efforts to carry out the anticorruption tasks. This has helped check the spread of negative and corrupt phenomena in certain areas. The anticorruption struggle is forging ahead in depth. Practice has demonstrated that successfully building a fine party style and clean government and carrying out the anticorruption struggle constitute an indispensable, important condition for the party to maintain its advance nature and purity, to maintain its flesh-and-blood links with the masses, and to ensure the healthy development of reform, opening up, and modernization. Practice has also demonstrated that the Central Committee's policy decision to wage the anticorruption struggle is correct. We have gradually found a way to organically integrate the anticorruption struggle with reform, development, and stability while concentrating on economic construction; to rely on the party's own strength and the masses' support to combat the corrosion of all kinds of decadent ideas of the exploiting class; and to strive to minimize negative and corrupt phenomena. It is groundless to believe building a fine party style and clean government and carrying out the anticorruption struggle will obstruct and affect economic construction, reform, and opening up, thereby setting the building of a fine party style and a clean government against economic construction, reform, and opening up and separating one from the other.

Jiang Zemin emphasized: Playing an exemplary role, honesty, and self-discipline are the qualifications required of leading cadres at all levels, as well as the basic demand placed upon them by the party and people. Leading cadres, senior cadres in particular, should set strict demands on themselves in work and daily life, constantly examine their words and deeds, and set good examples of noble character for the vast number of party members and cadres. All leading cadres must implement to the letter the Central Committee's provisions concerning honesty and self-discipline of leading cadres. Principal members of a leading body should not only behave themselves but should also lead all other members of the leading body in assuming full responsibility for improving party work style and promoting clean ad-

ministration in each locality or unit. Efforts should be stepped up to continue investigations of major and serious cases and to deter crimes, so as to educate cadres and party members at large and to inspire the faith of the masses. Every single case of serious infringement of the law or discipline, no matter who is involved, will be investigated thoroughly. Principal leading comrades of party and government organs should periodically attend to the investigation of major and serious cases, and help remove obstacles in investigations. People who cover up, suppress, procrastinate, or interfere with the investigation of a case should be punished severely. The leading official will be investigated, if an incident that takes place in the area or work unit he is in charge of is not handled. Problems in leadership and management should be studied and solved through analyzing a typical case. In correcting evil practices in departments and trades, attention should be focused on the wanton collection of fees and charges. Relentless efforts should be made, in particular, to check the evil practices of the unauthorized collection of funds and fees from farmers under all sorts of pretexts to increase farmers' burdens in a disguised form. It is also necessary to screen extra-budgetary funds, strengthen their management, and resolutely check the diversion of budgetary funds to extra-budgetary purposes. Departments concerned should set up a sound system of managing extra-budgetary funds as soon as possible.

Discussing ways of strengthening and improving internal party supervision, Jiang Zemin pointed out: Whether we can successfully improve internal party supervision — the supervision of senior and middle-ranking cadres in particular — is an important issue concerning party building since the CPC became the ruling party, especially under the new historical condition. In recent years, the Central Committee time and again stressed the importance of strengthening internal party supervision and adopted a number of measures at higher and lower levels, making some progress in supervision work. However, internal party supervision remains a weak point. The further we promote reform and opening up, the more necessary it is to strengthen and improve internal party supervision; and the higher a leading organ or cadre is, the more necessary it is to exercise strict internal party supervision.

He pointed out: At present, the most important tasks are: First, party organizations and party members and cadres must implement the party's basic line, principles, and policies comprehensively and correctly, and must observe and guard the party's political discipline. As the CPC is a big party shouldering an arduous historical mission, if we do not have iron discipline and if we slacken our political awareness, we could become

very vulnerable. The entire party membership should maintain a high degree of unity with the party Central Committee, resolutely safeguard the Central Committee's authority, and ensure the smooth implementation of the Central Committee's political decrees. Violators of political discipline should be duly handled. Second, party organizations and party members and cadres must exercise power correctly, persist in the fundamental objective of serving the people wholeheartedly, always put the interests of the party and people above anything else, and never use power for personal gain under any circumstance. Third, party organizations and party members and cadres must rigorously observe and guard the system of democratic centralism and correctly conduct themselves in the inner-party life, no matter what their position is or what type of work they perform. All major policy decisions, important appointments and removals of cadres, allocation of major construction projects, and use of large sums of money must be made collectively. Arbitrary acts by individuals or a handful of people are not to be tolerated. No one is allowed to hold himself above the party constitution. All provincial, autonomous regional, and municipal party committees and central departments and commissions are urged to set a good example. In a nutshell, we must work hard to encourage healthy practices and crack down on evil ones so as to further harness the enthusiasm of party members and cadres and the masses in striving to build socialism with Chinese characteristics.

Speaking of enhancing on inner party supervision, Jiang Zemin set forth the following requirements: First, major emphasis should be put on supervising leading cadres and on intensifying internal self-checks within leading groups. Leading bodies at all levels must truly assume their responsibility and take the lead in emphasizing studies and politics and fostering morality; in practicing criticism and self-criticism; and in rectifying all kinds of erroneous ideas and misconducts. Second, supervision by party organizations and self-discipline of cadres with party membership should be combined in real earnest. We must not merely pay lip service to enforcing strict party discipline; rather, we should translate it into strict requirements on individual party members and cadres and practice strict management and supervision. Every cadre with party membership must always keep in mind his responsibilities and obligations, regularly check himself against the party constitution and party regulations, and exercise restraints and strict self-discipline in regard to his conduct. Third, the strengthening of rules and regulations and ideological work should be closely linked together. In amplifying rules and regulations, it is necessary, on one hand, to thoroughly enforce rules and regulations already on the books that have been proved effective and step up supervision of their en-

forcement so that non-compliance will be sternly punished and rectified within a prescribed time. On the other hand, we should enhance the existing rules and regulations and formulate new ones in light of the new reality and problems that have come to light. In amending rules and regulations, we must also step up ideological and political work, carry forward and promote the party's political advantages, conduct education on the Marxist outlook on the world, philosophy of life, and values among cadres with party membership. We must stop and overcome money worshipping, hedonism, and ultra-individualism and boost our capacity to resist the corrosive influence of decadent ideas and lifestyles and ensure the implementation of rules and regulations with heightened party spirit and political awareness among cadres who are party members. Fourth, we must broaden the channels of supervision by giving full play to supervision by the masses.

Jiang Zemin stressed that in implementing the anticorruption drive, party committees at all levels must step up leadership and give full rein to the functions of discipline inspection organs. It is necessary to insist that principal leaders of the party committee take personal charge and that a rigorous system of responsibility for promoting clean government be implemented. Under the unified leadership of the party committee, party and government must work hand in hand and organize the strength of all sectors to work together in harmony. Party committees at all levels must support discipline inspection organs in conscientiously fulfilling their functions and give full rein to the ranks of discipline inspection and supervision cadres. Those who abuse their office to obstruct investigations, deliberately make things difficult, or retaliate discipline inspection and supervision personnel should be sternly punished. Leading cadres of party committees must conscientiously subject themselves to the supervision of discipline inspection organs at the same level and play an exemplary role in safeguarding the prestige of discipline inspection and supervision organs. In recent years, discipline inspection and supervision organs have made great contributions to improving party conduct, implementing the anticorruption drive, and promoting reform, opening up, and the modernization drive. Ours is a good, trustworthy, and combat-effective contingent of discipline inspection and supervision cadres. Under the new conditions, we must make further efforts in carrying out the sacred missions entrusted us by the party and people. Discipline inspection and supervision is a responsibility that is closely related to policy implementation and requires strict adherence to principle. We must promote in particular, the spirit of being selfless and dauntless, of being upright and above flattery, of not practicing favoritism, and daring to tackle hard and difficult cases. Discipline

inspection and supervision cadres must step up studies, constantly enhance their ideological and political awareness, improve their understanding of policies and professional competence, further improve their work style, and make still greater contributions in promoting clean government and implementing the anticorruption drive.

Present at today's meeting were officials in charge of departments directly under the CPC Central Committee and State Council, major units of the People's Liberation Army and the People's Armed Forces in Beijing and comrades attending the All-Army Conference on Discipline Inspection.

**PRC: Propaganda Office Heads Decide on 1996 Goals**

*OW3001052296 Beijing XINHUA Domestic Service in Chinese 0351 GMT 28 Jan 96*

[FBIS Translated Text] Beijing, 28 Jan (XINHUA) — From 22-26 January, the national meeting of propaganda department heads was held in Beijing. The meeting summed up the basic work experience in the field of propaganda and ideological education since the 14th party congress, laid down the work targets and tasks for the Ninth Five-Year Plan period, and made arrangements for the key points of the propaganda work in 1996. During the meeting, General Secretary Jiang Zemin and Premier Li Peng gave important speeches.

The meeting was held after the successful fulfillment of the Eighth Five-Year Plan in our country and after the Fifth Plenary Session of the 14th CPC Central Committee set forth the grand trans-century development program and when the Ninth Five-Year Plan was to be started. It was held under a situation in which the three-year work targets for the propaganda and ideological front was basically achieved, in which the CPC Central Committee issued an important instruction on the propaganda and ideological work, and in which the propaganda and ideological work is heading toward realizing the new objective.

The meeting held that the important speeches given by General Secretary Jiang Zemin and Premier Li Peng to the meeting participants, showing great foresight and being full of earnest words and sincere wishes, profoundly expounded the especially important position and role of the propaganda and ideological work in the course of realizing the grand trans-century targets, and profoundly expounded the situation and the tasks confronting the propaganda and ideological work as well as the spiritual civilization building work. Their speeches not only fully affirmed the marked progress made in the propaganda and ideological work since the 14th party congress, but also further explicitly pointed

out the correct orientation and historical mission for the propaganda and ideological work. All cadres working in this field must conscientiously study, deeply understand, and resolutely implement the spirit of the speeches.

The meeting decided on the guidelines for the propaganda and ideological work over the next five years: Those who are engaged in the propaganda and ideological work shall, under the leadership of the CPC Central Committee, with Comrade Jiang Zemin as the core, persist in following the fundamental guidance of Deng Xiaoping's theory on building socialism with Chinese characteristics, adhere to the party's basic line and basic principles, carry out the basic plan for the propaganda and ideological work, arm the people with scientific theories, guide people with correct opinions, mold people with noble spirit, encourage people with good works, promote unity and boost the morale, seek solid work results, and better serve the people, socialism, and the overall interests of the whole party and the whole nation. The work target is: Consolidate and develop a positive, healthy, and progressive work posture; give full play to the role of the propaganda and ideological work in uniting, mobilizing, and encouraging the people; provide a mental driving force, seek support from the news media, ideological guarantees, and cultural conditions for the advancement of reform and opening up, for socialist modernization, and for the comprehensive fulfillment of the Ninth Five-Year Plan; actively promote the reform in propaganda and cultural undertakings; strengthen and improve macro-control, and gradually shape a new pattern of development with a reasonable layout, an optimized structure, marked work results, and strong dynamism; and raise the propaganda and ideological work to a new stage and thus bring a better working foundation into the 21st century.

The meeting stressed: Ten major principles must be constantly carried out to do a good job in the field of propaganda and ideological education. First, maintain a high degree of uniformity with the party Central Committee with Comrade Jiang Zemin as the core; second, stress the fundamental role of development; third, stress unity, stability, encouragement, and positive education; fourth, adhere to the orientation of "serving the people and serving socialism" and the policy of "letting a hundred flowers bloom and a hundred schools of thought contend" make the main theme flourish by adopting a rich variety of forms; fifth, place social effects in the top position and strive to properly coordinate economic results and social effects; sixth, while promoting the prosperity of creation, also pay attention to management; seventh, seek truth from facts and keep a good sense of propriety; eighth, seek solid work results and oppose formalism;

ninth, advance along the course of reform and opening up; and tenth, faithfully discharge one's duties.

The meeting demanded that in the next five years, the four main tasks for the propaganda and ideological work be better carried out and a good job be done in the following eight aspects: Constantly arm the whole party and educate cadres and ordinary people with Deng Xiaoping's theory on building socialism with Chinese characteristics, take this as the most important task, and continuously develop in depth and in scope the activities of studying, researching, and giving publicity to this theory; always maintain the correct orientation of journalism and propaganda and provide strong opinion support for reform and economic construction; intensify and improve ideological and moral education and promote the building of socialist spiritual civilization; give effective guidance to the creation of cultural products and enhance their quality and strive to bring about more good works; make efforts to advance reforms in the field of propaganda and culture; exercise more effective control over journalism and publishing industry and strive to effect changes mainly based on intensive development rather than extensive development; perfect the relevant legal system and relevant regulations and rules and promote the process of regularization and standardization in the management of propaganda and cultural undertakings; give more effective training to propaganda cadres and professionals and enhance the overall quality of the rank and file. The meeting stressed the need to properly handle the relationship between social effects and economic results and between quality and quantity in the course of establishing the socialist market economic structure, and thus guarantee the prosperity and healthy development of the propaganda and cultural undertakings.

Ding Guangen gave the concluding speech at the meeting. He said: The important speeches given by Comrade Jiang Zemin and Comrade Li Peng are of great guiding significance for the improvement of propaganda and ideological work, as the leaders gave encouragement, showed trust, attached importance, and offered support in their speeches to the propaganda and ideology front and to the contingent fighting on this front. We should be clearly aware of our responsibility, cherish our work achievements, face squarely the existing problems, and redouble our efforts. While affirming our work results, we should also note that many problems still exist in the field of ideology and culture; while affirming that initiative has been gained in a wider scope and a good foundation has been laid, we should also note that such favorable conditions exist only in relative terms, and our work remains in a passive position in some aspects; while affirming that the major guidelines have been for-

mulated, explicit targets and the tasks have been laid down, and a series of laws and regulations have been enacted, we should also note that the laws and regulations have yet to be perfected and the implementation of the established laws and regulations remain an arduous task; while affirming that many problems have been solved through all-out efforts and useful experience has been accumulated in our work, we should also note that new problems will continue to emerge and we still need to continuously make positive explorations and improvements in our work; while affirming the marked results in the building of our contingent, we should also note that the overall quality of the contingent has yet to be further enhanced. We must further strengthen the sense of responsibility, mission, and urgency; continue to be modest and prudent, continue to exert ourselves and work in harmony, continue to make progress, and do our work in a down-to-earth manner.

Ding Guangen pointed out: Since the 14th party congress, the central leadership has made important policy decisions on a series of major issues concerning the overall situation. The third plenum of the Central Committee adopted a decision on a number of issues concerning the establishment of the socialist market economic structure; the fourth plenum adopted a decision on strengthening party building; and the fifth plenum formulated a trans-century blueprint for national economic and social development. The central leadership has now decided to take the issue of ideological, moral, and cultural construction as the main subject of discussion at the sixth plenum of the 14th CPC Central Committee. This will be an important event for the whole party and country, and also an important event on the propaganda and ideology front. It will certainly give a gigantic impetus to the building of spiritual civilization. The propaganda and ideological front should do more effective work in playing the main theme of the times, carrying forward the spirit of the times, boosting healthy conduct in society, and creating a favorable atmosphere for the Sixth Plenary Session of the 14th CPC Central Committee.

Ding Guangen raised eight points on enhancing the quality of the work done by leading cadres on the propaganda and ideological front: Paying attention to politics; giving consideration to major issues; having good control over propriety; making policy decisions in a scientific way; knowing how to judge and use people and having a large circle of friends; increasing unity and coordination; being good at studying, thinking, and summing up practical experience; and being responsible in their work and achieving solid work results. He said: All these are the basic requirements for leading cadres, and is representative of the ideological and

political characteristics that they should have. Ding also required them to pay attention to the following three points in their work: First, make efforts to apply materialist dialectics to their practical work, emancipate their minds, seek truth from facts, be realistic in handling everything, and analyze and handle things according to the viewpoint of connection, development, and all-sidedness; Second, being conscious in following the mass line, seeking benefit for the people, keeping in mind the well-being of the masses, going deep into reality, conducting investigations and studies, and practicing the formula of "from the masses, to the masses" in their work. Third, paying attention to the special characteristics and regularity of the propaganda and ideological work, always taking practice as the criterion for testing work results, being resourceful and down-to-earth, and seeking solid work results.

Ding Guangen stressed: Ideologically and politically, we must firmly and consciously adhere to the fundamental guidelines based on Deng Xiaoping theory; firmly and consciously adhere to the party's basic line without any vacillation; firmly and consciously keep ourselves in line with the party Central Committee with Comrade Jiang Zemin at the core; firmly and consciously orient our work to the central task of economic construction and better serve the overall interests of the party and nation; firmly and consciously carry out Comrade Jiang Zemin's instructions on "one fundamental guideline and four main tasks." He demanded that work be done more vigorously, enthusiastically, and actively under the leadership of the party Central Committee with Comrade Jiang Zemin at the core and new contributions be made to the cause of building socialism with Chinese characteristics.

**PRC: Zou Jiahua Inspects Shaanxi 15-21 Jan**  
*OW3001052896 Beijing XINHUA Domestic Service  
in Chinese 1359 GMT 22 Jan 96*

[By SHAANXI RIBAO reporter Wang Guanyuan (3769 6034 7108) and XINHUA reporter Wu Jinyu (0702 6930 3842)]

[FBIS Translated Text] Xian, 22 Jan (XINHUA) — When Zou Jiahua, member of the CPC Central Committee Political Bureau and vice premier of the State Council, recently inspected Shaanxi, he stressed it is necessary to steadfastly develop the socialist market economy, practically bring about two fundamental changes, implement the strategy proposed by the party Central Committee to accelerate the development of the central and western parts of China, and step up efforts to carry out agricultural, energy, and infrastructure construction projects so as to lay a foundation for Shaanxi's rapid economic development.

Zou Jiahua said: To achieve sustained, rapid, and healthy economic development [chi xu kuai su jian kang fa zhan jing ji 2170 4958 1816 6643 0256 1660 4099 1455 4842 3444], we must practically bring about "two fundamental changes" proposed by the Fifth Plenary Session. It is an important guiding ideology for our economic work in the period of the "Ninth Five-Year Plan" and in the next 15 years. In the process of bringing about a change from the conventional planned economic system to the socialist market economic system, first of all, we must pay attention to changing concepts. We must have a correct understanding of the positive role played by the planned economic system in the history of China's economic development from a historical materialism viewpoint. Above all, we must realize that the planned economic system can no longer meet the needs of China's rapid economic development. Therefore, we must reform. Reform is an inevitable necessity for economic development. The course of reform is to establish a socialist market economic system. The socialist market economy is an unprecedented undertaking. It has the characteristics of a general market economy and, above all, a market economy under the condition of adhering to the basic socialist system. Economically speaking, if we want to uphold the leadership of the party, rely on the masses of the people, and uphold socialist spiritual civilization, we must persist in taking public ownership as the mainstay and achieve common prosperity. The mode of economic growth must be changed from an extensive type to an intensive type. There is a great deal of work to be done in this endeavor. We must vigorously make use of the current economic strengths available, enhance technical levels, exercise strict control and improve management, vigorously reduce consumption and waste, and practically increase economic returns. We must take effective measures and conscientiously implement them in the light of the actual conditions in all areas, institutions, and enterprises.

From 15 to 21 January, Vice Premier Zou Jiahua and his party successively inspected the Xian Aircraft Manufacturing Company, the Jingbian-Xian natural gas pipeline project, the project to divert water from Hei He to Xian, and job site of the Qinling Tunnel on the railway from Xian to Ankang, and cut a ribbon at a ceremony to open the Xian-Baoji Freeway to traffic. He listened to briefings by the Shaanxi Provincial Party Committee (SPPC), the Shaanxi Provincial Government (SPG), the Xian City Party Committee, the Northwest Electric Power Administration, the Northwest Ordnance Bureau, the Changqing Petroleum Administration, and the Shaanxi Petrochemical Bureau.

After listening to a briefing by the SPG, he fully affirmed the successes achieved by Shaanxi Province in carrying out economic construction in the period of the "Eighth Five-Year Plan." He said: Shaanxi enjoys many favorable conditions. First, Shaanxi is endowed with very abundant resources, particularly the resources of energy and tourism. A large number of senior personnel specializing in all fields of endeavor, schools, research institutes, and war industry enterprises are grouped in Shaanxi. Third, Shaanxi has acquired a great deal of good experiences in turning over scientific research achievements to productive forces, enabling new industries to take shape, and converting military-oriented enterprises to civilian production since the implementation of reform and opening up. Fourth, Shaanxi has a relatively good economic and technical foundation and strength. Fifth, Shaanxi is the birthplace of the Yanan spirit. It is a precious spiritual wealth that has been handed down from generation to generation. Sixth, governments at all levels and all the people in Shaanxi have a vast reservoir of enthusiasm for building socialism. Our task is to successfully guide, protect, and give full play to such enthusiasm. Seventh, the SPPC and the SPG are comparatively strong leading groups. Making full use of and successfully organizing these favorable conditions will be an effective guarantee for us to promote economic development in a better way in the future. The fact that the construction of infrastructure projects, especially water conservancy facilities, electric power stations, highways, and natural gas supply systems lag behind schedule is a weak link at present.

Touching on agricultural issues, Zou Jiahua pointed out: Agriculture must be placed at the top of our work agenda and treated as the foundation of the national economy. We should proceed from the actual conditions in Shaanxi to treat self-sufficient grain supply as the goal after which we strive in the period of the "Ninth Five-Year Plan," and take measures to organize the realization of self-sufficient grain supply by every possible means. While making vigorous efforts to increase farm production of grain, cotton, and cash crops, we must vigorously develop fish breeding and poultry raising, village and town enterprises, and cooperative processing industry using agricultural products as its raw material by suiting measures to local conditions. We must appropriately promote development of the primary, secondary, and tertiary industries in rural areas to help peasants increase their incomes and gradually become prosperous.

Zou Jiahua said: Ensuring proper industrial reform has very great significance for economic development. There are few basic requirements for running enterprises

well. First, enterprises need a good leading body; second, they need to produce something that meets market demand and can be sold readily; third, they must improve management; fourth, they should constantly conduct technological transformation. We should organize efforts to establish a modern enterprise management system on a trial basis, and should adopt policies designed to help individual enterprises solve their problems and develop on a healthy and self-improving manner. Zou Jiahua said: Actively introducing advanced foreign technology is important to developing the economy. But, we should earnestly implement the policy of importing, digesting, assimilating, and improving foreign technology. Only by stressing the need to make technological innovations can we raise our technological level.

On studying new construction projects, Zou Jiahua stressed repeatedly that we not only should study the necessity, rationality, and feasibility of new construction projects, but also should consider the projects' investment benefits. We should study if funds are available for new projects and there is market demand for them; in particular, we should study investment returns. We should consider both the social benefits and economic results of new projects because doing so is in line with the socialist market economic law.

Zou Jiahua pointed out: Water resources, energy, and communications have become the primary factors that impede Shaanxi's economic development. This is a matter that affects the overall situation. Zou Jiahua urged departments concerned of the State Council, according to the central authorities' policy of giving preferential treatment to the central and western parts of the country, to forcefully support Shaanxi and help it solve this problem. We should attach equal importance to opening up new financial resources and reducing expenditures. On the one hand, we should increase investment and accelerate construction speed; the state should give consideration to the development of water resources, electric power industry, and highways in the northwest region as the focus of development in this region. On the other hand, following the market economic law, we should properly organize and manage the existing water resources, electric power facilities, and highways; we should give incentives to units practicing energy conservation, restrict the development of industries that consume large amounts of water and energy, and actively develop water-saving agriculture. Funds for accelerating the construction of infrastructural facilities should be raised through various channels; the state, local authorities, and enterprises should all do their share. At the same time, we should actively attract foreign funds. We should appropriately adjust

unreasonable prices to enable these industries to develop on their own.

After hearing a report on the Changqing Oilfield's work, Zou Jiahua stressed: First we need to bear in mind that mineral resources are the property of the state. On behalf of the state, the central government should consider the prospecting, exploitation, and rational utilization of the entire mineral resources. Second, we should adopt specific regional systems for the management of mineral resources across the country. Third, mineral resources should be treated as a commodity.

Those accompanying Zou Jiahua during his inspection tour of Shaanxi were An Qiyuan, secretary of the Shaanxi Provincial CPC Committee; Cheng Andong, governor of Shaanxi; Song Ruixiang, minister of Geology and Mineral Resources; Ye Qing, vice minister in charge of the State Planning Commission; Shi Wanpeng, vice minister in charge of the State Economic and Trade Commission; Huai Guomo, vice minister in charge of the State Commission for Science, Technology, and Industry for National Defense; Yao Zhenyan, president of the State Development Bank; and leading comrades of the ministries of Electric Power, Electronics Industry, Railways, Communications, and Water Resources, and of the Chinese General Company of Aeronautics, the China National Petroleum Corporation, and the China Ordnance Corporation.

#### **PRC: Hebei Party Chief Warns Journalists on 'Errors'**

**HK3001091896 Hong Kong EASTERN EXPRESS  
in English 30 Jan 96 p 13**

[By Didi Kirsten Tatlow]

[PTS Transcribed Text for FBIS] Hebei province Communist Party chiefs have cracked the whip on local journalists, reissuing a set of stringent instructions on the media delivered by the party's boss, Jiang Zemin, on January 2.

At a meeting late last week, Hebei's Communist Party boss, Cheng Weigao, said journalists in the province had been scurrying around gathering information on topics which were out of bounds.

The were ordered to correct their errors. The warning was delivered to the heads of the Radio, Film and Television Bureau, the provincial branch of the national Ministry of Radio, Film and Television.

Delivered late last week, the message was transmitted by the Hebei People's Broadcasting Station.

There was a "bad atmosphere" in the province's journalist contingent, Cheng said, citing "some [journalists who] have made secret inquiries of back-street news".

"Some incidents that should not be made public have been made public," he said. As a result of this unseemly reporting, "some contradictions have been intensifying", he said.

Cheng did not provide any examples of "intensifying contradictions", a code phrase for social problems or disturbances.

In his January 2 speech to cadres of the Liberation Army Daily (JIEFANGJUN BAO), the Central Military Commission's mouthpiece and a blueblood among party newspapers, Jiang called on journalists to be "engineers of human souls".

This was to be achieved by hewing to the "right political line", he said, referring to Mao Zedong's dictum of a "properly operated" newspaper, which was "a big help to the leading authorities".

By contrast, an "improperly operated newspaper" was a grave danger to the state, he said, quoting "forefathers [who] said that fallacies from the mouth can create unrest as far as 10,000 li away".

In a speech entitled "Journalists Should Emphasise Study, Politics and Healthy Trends", Cheng called for cadres in news bureaux to expedite the "socialist journalist cause".

Ideology must not be overtaken by professionalism, he said.

The remark was interpreted as the desire to step up political control after years of relaxations brought on by the changing demands of the market economy.

Jiang's speech "clearly indicated the line, principle and basic policies that should be grasped by all journalists", Cheng said, adding that some journalists were "making mistakes" on their political line.

He instructed them to "study, study and study again, and go deep, go deep, and go deep again" in an effort to reorientate their political and professional expertise.

**PRC: Commentator on Mass Viewpoint, Mass Line**  
**HK3001082296 Beijing RENMIN RIBAO in Chinese**  
**24 Jan 96 p 1**

[Commentator's article: "We Should Under No Circumstances Discard Mass Viewpoint and Mass Line"]

[PTS Translated Text for FBIS] The mass viewpoint is our party's basic political viewpoint. The mass line is our party's basic line for work. This is determined by

our party's aim of serving the people heart and soul. It was so during the revolutionary period; likewise, it is imperative to adhere to this basic political viewpoint and basic line for work today in realizing reform, opening up, and socialist modernization.

During the period of democratic revolution, Comrade Mao Zedong repeatedly emphasized that a revolutionary war was a mass war; only by mobilizing the masses would it be possible to wage a war, and only by relying on the masses would it be possible to wage a war. He formulated for our party the mass line, namely "from the masses, to the masses," and a series of methods of leadership and work that embody the mass line; and he demanded that cadres at all levels must under no circumstances neglect or slight issues that involve the personal interests and livelihood of the masses. When the new historical period began, Comrade Deng Xiaoping repeatedly admonished the whole party to establish closer ties with the masses; the greater the difficulty, the more necessary it is to show concern for them; the further reform and opening up are implemented, the greater the need to show respect for the initiatives of the masses and bring into play their enthusiasm; and he stressed the need to regard "whether the people will support it," "whether the people are for it," "whether the people are happy about it," and "whether the people will say yes to it" as a basic yardstick for the whole party to judge whether an idea is correct and whether a good job has been done when shaping certain ideas and doing certain work.

Historical experiences have proved that the mass viewpoint and the mass line are our party's fine traditions and magic weapons to defeat the enemy, overcome difficulties, and seize new victories in revolution and construction. Under no circumstances should we discard these fine traditions and magic weapons that have been passed down from one generation to another.

It is noteworthy that some leading party cadres have for some time weakened the mass viewpoint and feelings for the masses; such phenomena have now become an outstanding issue. Regardless of the undertaking, some cadres no longer consider the benefits it might bring the broad masses, but gave priority to the gains it would bring themselves and their small circles. Some cadres do not adopt the mass line in their work; they have failed to do in-depth investigation and study, relying instead on a small number of people to rack their brains in decisionmaking, while seriously deviating from reality. Others are satisfied to implement the major central spirit by holding meetings and issuing documents but are very slow in implementing the principle and policies of the party and the state among the masses. Still others are very enthusiastic about doing a superficial job in their

work to "establish accomplishments in their careers" so that they might be promoted more rapidly; they even go so far as to practice fraud, deceiving their superiors and subordinates in disregard of the party's teaching and the interests of the state and the people. Seeking ease and comfort, and "premature consumption," some cadres turn a blind eye on the hardships of some staff members, workers, and teachers in their own localities and units, whereas they themselves feel at ease and justified building residences and buying luxury cars that exceed standards. Facts have shown that some of our leading cadres have truly discarded the party's mass viewpoint and mass line under the new condition of reform, opening up, and developing the socialist market economy. Should all these phenomena of serious separation from the masses develop unchecked, the danger and harm to our cause of building socialism with Chinese characteristics will truly be very great.

Recently, Comrade Jiang Zemin has on several occasions stressed the need for leading cadres, primarily senior cadres [gao ji gan bu 7559 4787 1626 6752], to pay attention to politics. What is politics? Fundamentally, the question of politics is mainly the question of attitudes toward the masses of people and relationships with the masses of people. If one has genuinely mastered and practiced the mass viewpoint and the mass line, one is genuinely able to master and practice the party's ideological line of seeking truth from facts and of thoroughgoing historical materialism, thus basically grasping politics. Today, in deepening reform, expanding opening up, promoting development, and maintaining stability, our one purpose is to plan for the interests of the people. We must rely on the masses' wisdom and strength. Failing to grasp or genuinely implement the mass viewpoint and mass line means precisely failing to grasp and pay attention to politics.

This year is the first year of the Ninth Five-Year Plan, and the year to lay a foundation for realizing the goal of 15-year struggle. We are facing the heavy tasks of the basic conversion of the economic structure and means of economic growth; at the same time, new conditions, new problems, and new difficulties will surface one after another. While thinking through problems and conducting business, our leading cadres at various levels must regard showing concern for the masses, relying on the masses, and planning for the mass interests as the starting point and basis, so that they may show respect to the masses in thinking, be close to the masses in feeling, go deep down among the masses in action, and rely on the masses in work. It is imperative to constantly listen to the opinions and voices from the masses, show concern for their weal and woe, understand their difficulties, and do more

for them, such as providing timely assistance for the masses. It is particularly imperative to show concern for the hardships of people in disaster-afflicted areas, impoverished areas, and enterprises that are in difficulty, and help resolve practical problems.

It seems that it is very necessary to grasp the mass viewpoint and mass line of leading cadres at the beginning of the year. Only through a good job of education in this respect will there be a more healthy atmosphere, a further turn for the better in cadre-masses relationships, and great strengthening of the rallying force, attraction, and appeal of our party and government.

### Military & Public Security

#### PRC: Li Peng Signs State Council Decree on Police Gear, Weapons

OW2901234196 Beijing XINHUA Domestic Service in Chinese 0836 GMT 29 Jan 96

[FBIS Translated Text] Beijing, 29 Jan (XINHUA) — PRC State Council's Decree No. 191

The "Regulations of the People's Republic of China on the Use of Police Gear and Weapons by the People's Police" were adopted at the State Council's 41st Executive Meeting on 8 January 1996 and are hereby promulgated for implementation.

[Signed] Premier Li Peng

[Dated] 16 January 1996

#### PRC: Official Discusses New Law on Police Weapons

OW2901155296 Beijing XINHUA in English 1409 GMT 29 Jan 96

[FBIS Transcribed Text] Beijing, January 29 (XINHUA) — The newly issued Regulations on the Use of Apparatus and Weapons by the Police of the People's Republic of China have authorized Chinese police to use apparatus and weapons in accordance with the law while performing their duties.

A senior official with the Ministry of Public Security made this remark at a press conference here today, adding that the regulations aim to safeguard the power of the police when using apparatus and weapons while performing their duties so as to better crack down on criminal activities.

Meanwhile, the regulations also strengthen supervision over the police when they are using apparatus and weapons, in an attempt to prevent police from abusing

their power and protect the citizens' legitimate rights and interests.

The Rules on the Use of Weapons and Apparatus by the People's Police, approved by China's State Council on July 5, 1980, used to play an important role in effectively cracking down on criminal activities.

However, great changes have taken place over the past dozen years in terms of social order and criminal activities. The rules, therefore, are not suited to the current struggle between police and criminals.

The official said, "The regulations have made some important additions and amendments to the rules. As a result, they are more comprehensive and easier to follow."

The regulations separate apparatus into three categories according to their functions: some are used for driving away criminals, some for subduing criminals, and the rest for binding criminals. And the objects and conditions in which the apparatus can be used are defined for the three kinds of apparatus respectively.

The regulations emphasize that the use of apparatus should come to a halt as soon as the relevant criminal activities stop.

In terms of weapons, the regulations have some additional contents, mainly in the light of criminal violence and criminal activities which severely endanger public security.

The regulations provide that police are allowed to use weapons only when serious criminal activities cannot be stopped without utilizing them, and even in this case, a warning in advance is a must.

#### **PRC: PLA Demobilizing, Armed Police Force Expanding**

*HK3001011096 Hong Kong MING PAO in Chinese  
24 Jan 95 p C1*

[Report by special correspondent Wei Lin-sheng (7279 2651 3932): "PLA To Demobilize 700,000 Men, Armed Police Force To Expand on Large Scale"]

[PTS Translated Text for FBIS] China plans to implement a large-scale force reduction this year, cutting 500,000-700,000 men from the three-million-strong People's Liberation Army [PLA]; however, China is to expand simultaneously the armed police force by a wide margin.

It was learned that this plan for PLA troop reduction and expansion of the armed police force was formulated by the CPC top echelon based on the analysis and judgment of the present international and domestic situations,

mainly out of consideration of the relaxation of the international environment on China's periphery; with the exception of the Taiwan Strait, which calls for maintaining certain military pressure, it is unnecessary to station voluminous troops in other border areas. As to the South China Sea and the Yellow Sea, where conflicts are likely to take place, the strength of the navy and the air force will be relied on instead of the ground forces. Furthermore, disarmament on a wide scale is conducive to eradicating the "China threat theory" that has caused a temporary clamor in the world, reducing the suspicion and mistrust of those countries on China's periphery, and defeating the U.S. strategy of encirclement and containment.

From the perspective of China's domestic situation, with the arrival of the post-Deng era, the third-generation leadership collective is facing various challenges; with reform developing in depth, conflicts between various interest groups are inevitable, and there is danger of the spread of splitist influences in such minority nationality areas as Tibet and Xinjiang. Having drawn a lesson from the 4 June incident of 1989, the top echelon in Beijing made it a rule that the army would never be used again in resolving domestic issues, even in case of disturbances and riots on a wide scale; and only the armed police force would be called on even in case of nationality conflicts in Tibet and Xinjiang. That accounts for why China has kept expanding the armed police force and strengthening its war preparations.

Before 1989, the Chinese armed police force numbered only 300,000-400,000 men; but shortly after the 4 June incident, it rapidly expanded to one million. Over the past six years it has expanded to more than 1.3 million. This time it will expand to 1.9 million, thus more than quadrupling the original size of the armed police force from when it was first founded, almost on a par with the PLA ground forces in the wake of the planned drawdown.

It was disclosed that the first step in the current plan for expanding the armed police force is to establish 14 new divisions. At the same time, the Central Military Commission has already approved equipping the armed police force with all sorts of heavy arms and equipment, including tanks, armored vehicles, and armed helicopters so that the armed police force may become "the second armed force" worthy of its name.

According to a well-informed source in the military, the majority of demobilized servicemen involved in the current drawdown will be transferred to the armed police force to meet its needs; this is also being done to avoid aggravating unemployment problems in rural and urban areas. The source said that in actual fact, the

action of "demobilizing one million men" in the 1980's, which China publicized in a big way, was actually the transfer of the whole lot of non-military personnel in the army and grass-roots officers of the people's armed forces departments to a non-military establishment, but not genuine demobilization.

It was learned that the current drawdown and plan for expanding the armed police force will be completed during 1996.

**PRC: 2d Artillery Corps Training Reform Successful**

*HK3001010896 Beijing JIEFANGJUN BAO  
in Chinese 10 Dec 95 p 1*

[Report by special correspondent Zhang Jiajun (1728 1367 6511) and reporter Liu Shengdong (0491 5116 2639): "Tactical Study Promotes Training Methods Reform—Second Artillery Corps Base Military Training Enters Benign Circle after Three Years of Hard Work"]

[PTS Translated Text for FBIS] A certain Second Artillery Corps base has energetically carried out tactical study and made significant headway in all sorts of military training reforms. After three years of hard work, the base's high-level high-tech training has finally entered a benign circle, made six major breakthroughs in tactical study, improved more than 80 training methods in five training categories, and scored 56 training achievements in the course of technical innovation. A recent Second Artillery Corps Training Work Conference has fully affirmed the base's reform experience.

In light of the characteristics of local high-tech wars, the base has in the last three years conducted in-depth study of combat features and principles of strategic missile units with emphasis on technical and tactical features, explored and developed a series of command methods, such as "rationalized command formation, simplified command procedures, advance combat planning, coded command communication, digitized command telegrams and papers, and automated auxiliary decision-making," and improved command efficiency by a large margin. Moreover, the base has also made six major breakthroughs in tactical study centered on several difficult training topics, such as improving strategic missile units' field combat and survival capability, live-ammunition launch capability, and comprehensive guarantee capability; shortening the combat capability generation period; and building regular and ready launch capability.

The base's breakthroughs in tactical study have promoted training reform resulting in a large number of tactically related new training methods. To put an end

to uniform training for veteran soldiers, new recruits, cadres, and backbone officers and prevent combat capability from weakening following demobilization of veteran soldiers, the base decided to provide three-level training for new recruits, cadres and backbone officers, and launch battalions respectively, with launch battalions undergoing live-ammunition operation training. The base also energetically built three contingents, namely, a commanders contingent, technical cadres contingent, and missile operation backbone contingent, and raised the starting point for training. In the course of training development, the base also tried to tackle some outstanding contradictions, such as basic firing units' inability to simultaneously launch a nuclear counterattack, a support detachment's inability to simultaneously provide a strong support, and so on, by virtue of training system reform, training content reform, training methods reform, and twice-yearly, live-ammunition, on-site operational training for firing units. To improve comprehensive support for mobile operations, the base's support detachments developed some 10 new training methods, such as "scattered field rush repair," thus effectively resolving related problems.

To ensure smooth training reform, the base has also carried out extensive technical innovation, developed more than 50 types of training equipment, such as an automatic cable network missile test system, a night driving system, and successfully built 1,619 simulated training systems on its own.

**PRC: New Military Training Program Promulgated**

*HK3001010796 Beijing JIEFANGJUN BAO  
in Chinese 12 Dec 95 p 1*

[Report by Zhang Jian (1728 1696) and reporter Ren Yanjun (0117 3601 6511): "New-Generation Military Training Program Promulgated"]

[PTS Translated Text for FBIS] Beijing, 11 December—A new-generation military training program that embodies the army's training reform achievements over the past three years has recently been promulgated by the General Staff Department for enforcement throughout the army.

Promulgation of the new-generation military training program signifies a historical change in the army's military training. Since 1993, in accordance with military and strategic principles formulated by the Central Military Commission for the new period, the whole army has shifted training focus from fighting conventional war to fighting high-tech local wars and conducted in-depth, systematic training reform in all arms and services. The new-generation military training program has summed

up and assimilated training reform achievements of various arms and services.

The content of the new-generation military training program places stress on fighting and winning a high-tech local war, this being the most salient characteristic. In view of the extensive employment of high-tech reconnaissance and survey systems, electronic warfare weaponry, and precision guided weapons on modern battlefields, the new program calls for study of foreign troops at all levels, emphasizes high-tech knowledge and skills training, provides specific high-tech tactical training forms, and particularly stresses survival training, night training, and other types of training.

Another salient characteristic of the new-generation military training program is its particular stress on simulated battle training. The new program provides different training schedules for personnel enlisted in different years, stresses the need to lay a solid technical and tactical foundation for technical personnel in all arms, provides command organ training forms, calls for command instruments operation training and modern war command skills training, emphasizes updated combined tactical operational training in light of real combat needs, and urges more comprehensive combat training.

The new training program has for the first time established a training system for the whole army, covering six major types of units, namely, ground, navy, air force, second artillery corps, units of the State Commission of Science and Technology for National Defense, and the armed police corps; provided training forms for all arms, services, and specialities of the army; and offered a training program on new weapons for newly established troops, so that the army's units and specialities now have a training program to follow.

The new-generation military training program has embodied the army's training reform achievements in the last three years. Scores of ground, naval, air, and second artillery units selected for training reform experiments carried out experiments, demonstrations, and trial training on the basis of new training items for one year and revised and perfected training items in light of problems that cropped up in trial training. The army's three general departments and various arms and services also checked up on and examined each and every new training item in hopes of making the new-generation training program more scientific and applicable.

Following promulgation of the new training program, the army is set to conduct military training based on a new starting point. The General Staff Department's Military Training Department stated: The new training program is to serve as the basis for the army's training for some time in the future. In 1996, the whole army

should carry out military training in accordance with the new training program. All units should conscientiously study, carry out, and implement to the letter the new training program and earnestly strive to raise the army's training standard.

**PRC: Military Management, Education Score 'Marked Results'**

*HK3001034396 Beijing JIEFANGJUN BAO in Chinese 15 Dec 95 p 1*

[Report by Tong Ruilou (0104 3843 2869) and reporter Ren Yanjun (0117 3601 6511): "Whole Army Management and Education Scores Marked Results"]

[PTS Translated Text for FBIS] Beijing, 14 Dec—According to a relevant department of the General Staff Department, units throughout the army have conscientiously carried out the "Central Military Commission Decision on Strengthening Army Management and Education Work" over the past year. As a result, units have greatly reduced accidents caused by administrative negligence, improved military style, enhanced enforcement of military discipline, resolved more military management bottlenecks, and scored marked results in military management and education compared with the corresponding period in 1994.

The army's units have strengthened management, improved officer quality, taken implementation of the "Decision" as a priority task, trained over 100,000 officers in groups, fruitfully improved leading organs' and units' work under the guidance of the "Decision," mapped out clear-cut guiding principles, basic tasks, goals, and requirements for unit management and education, set up a system for unit party committees to discuss management issues, for principal officers to take charge of unit management, and for organs and departments concerned to join hands in enhancing management, and energetically implemented to the letter relevant management measures. As a result, grass-roots officers are now capable of showing concern and understanding for the rank and file, taking the initiative to enhance management, and ensuring more efficient management than in the past.

The units have stepped up style building and discipline building as well. As a result, officers and soldiers are now more conscious in enforcing orders and heeding prohibitions. In implementing the "Decision," the units have taken style building and discipline building as part and parcel of unit management and education. The large units' leading organs have taken the lead in promoting style rectification and discipline enforcement. The units have also persistently conducted education on rules, regulations, laws, and discipline on a regular basis, strictly enforced rules and regulations, and further enhanced

a sense of organization and discipline on the part of all officers and soldiers. A survey conducted in nearly 300 grassroots units showed that the units have by and large improved systems, strictly enforced discipline, and maintained good order. The garrison commands stationed in the cities have also made conscientious efforts to organize and station pickets, thus greatly improving the urban units' style and discipline. As a result, over 90 percent of the urban units have maintained a good style and abided by discipline on the street. The urban units have also helped local departments concerned in cracking down on illegal activities carried out by criminals who pass themselves off as military personnel, screened and handled a large number of bogus military vehicles, and closed a large number of phony army-run enterprises, thereby safeguarding the army's discipline and reputation. In addition, units have enforced strict discipline and committed no offense against civilians while holding military exercises, rushing to deal with emergencies and provide disaster relief, or undertaking other emergency, risky, and major tasks. As a result, the broad masses of people and local governments have praised them highly.

The units have scored initial results in resolving management bottlenecks and successfully reduced accidents caused by administrative negligence. In accordance with the "Decision," the units have enhanced professional management, departmental management, centralized management, and other types of management as well, thus significantly improving "small, remote, and scattered" units management and office personnel management. By improving all sorts of systems and implementing all sorts of management measures, the units have also scored marked results in safety work, which were unknown in the past. By the end of November 1995, the whole army had reduced accidents caused by administrative negligence by 23.9 percent compared with the same period of 1994.

In accordance with the "Decision," the units have conscientiously studied the latest developments related to army management and education in the new period, worked out several effective solutions to the new problems, and achieved marked results. To resist the negative influence of "red lanterns and green wine," units have spared no efforts in ideological education, actively explored and enforced closed management, strictly carried out rules, regulations, and orders, and improved management of military personnel on official duties outside the barracks, management of social contacts on the part of officers and soldiers, and management of barracks visitors as well, thus greatly reducing the number of cases of discipline-violation within the units. After the country's new work-hour system came into force,

the army's general departments and major units concerned immediately worked out some twin-holiday [Saturday and Sunday] management measures by simultaneously taking into account the units' training, entertainment, rest, and management. As a result, the units' normal anti-war preparations, training, operation, and livelihood have not been interrupted.

#### PRC: Review of 1995 PLA Party Building Achievements

*HK3001034596 Beijing JIEFANGJUN BAO in Chinese 20 Dec 95 p 1*

[Report by Tang Wu (0781 2976): "Whole Army Makes Fresh Headway in Party Building"]

[PTS Translated Text for FBIS] Beijing, 19 Dec—Over the past year, since the CPC Central Committee and Central Military Commission [CMC] issued two "Decisions" calling for stepping up party building, the army's party organizations at all levels have attached utmost importance to party building while promoting ideological and political building in the units, enhanced leadership over party building, and energetically pushed ahead with party building. As a result, the whole army has made marked progress in ideological, organizational, and style building of party committees and branches at all levels.

The whole army has successfully enhanced political firmness as well as ideological and ethical purity among the broad masses of party members and cadres. The army's party organizations at all levels have conscientiously studied and carried out CMC Chairman Jiang's important instruction on enhancing the army's ideological and political building, vigorously pushed forward ideological and political building, and strengthened ideological and political leadership over the units. The General Staff Department, General Political Department, and General Logistics Department have unanimously and emphatically called on senior organs and senior cadres to take the lead in stressing politics, party spirit, overall interests, and firm political orientation, strictly observing political discipline, and setting an example and taking the lead in resolutely safeguarding the authority of the CPC Central Committee and CMC with Comrade Jiang Zemin as the core. Lanzhou Military Region and its air force have organized party members to review their own party membership applications and take oaths under the party flag. The Second Artillery Corps Party Committee has issued an open letter to all party members in the units, urging them to "enhance confidence, withstand tests, and maintain the true political qualities a communist party member in a new situation." Over 90 percent of party committee secretaries at

and above regiment level and grass-roots party branch secretaries in the army have participated in a series of study and training activities.

The whole army has successfully enhanced inner-party principles and militancy. This year, the army's units have strengthened inner-party supervision with the result that party committees at all levels have taken improved inner-party democracy quality as part and parcel of implementing the CMC "Decision" and strictly running the party. By instituting a party building responsibility system, the units at all levels spared no efforts to provide guidance and assistance to unit party committee building, especially inner-party democracy building. While conducting inner-party democracy activities at the start and middle of this year, the army's large units sent more than 1,200 leaders at and above the army level to provide specific guidance to the grass roots by helping them discover problems, alert them to problems, and offer them criticisms. Nanjing Military Region held a forum of party committee secretaries to report on and study inner-party democracy in units at and above the army level and helped those units enhance inner-party principles and militancy. Beijing Military Region, Chengdu Military Region, and some other units have conducted person-by-person and item-by-item screening of problems relating to vehicles, housing, and office personnel used by leaders and office cadres, tackling all problems in a timely manner.

The whole army has successfully stepped up grass-roots party building. The army's large units have taken enhanced grass-roots party branch building as a key link in implementing the "Program" and promoting comprehensive grass-roots building. After conscientiously carrying out investigations to inquire about the situation at the start of this year, Shenyang Military Region, Guangzhou Military Region, and State Commission of Science, Technology, and Industry for National Defense vigorously helped company party branches tackle problems, assigned all levels specific tasks, and helped backward company-level party branches make progress in the end. The Navy's Air Unit has scored gratifying results by conducting "100 Companies Help Each Other" activities among the units. It was learned that the whole army has so far helped rectify and enhance more than 2,000 party branches, thus giving positive impetus to developing company-level leading bodies building and work. In light of the characteristics of student units and party committees of various organs, the Academy of Military Science and National Defense University have strengthened party control over party members and party cadres. In the course of a semi-annual work summation, Jinan Military Region and Armed Police Corps have carried out democratic appraisals of party members in

hopes of giving more play to the vanguard and exemplary roles of the vast numbers of party members.

**PRC: Lanzhou MR Group Army Stresses Grass-Roots**

**HK3001034996 Beijing JIEFANGJUN BAO in Chinese 14 Dec 95 p 1**

[Report by special correspondent Fan Zengmin (2868 1073 3046) and reporter Shen Hairong (3088 3189 2837): "Let 'Forefront Headquarters' Play the Star Role"]

[PTS Translated Text for FBIS] The main task for armies and divisions is to pay special attention to brigades and regiments, whereas brigades and regiments must exert efforts to pay special attention to the grass roots. A group army under Lanzhou Military Region put the substantial burden of paying special attention to the grass roots on the shoulders of brigade and regiment party committees and organs to guarantee the "forefront headquarters" genuinely doing their job [zhen zheng dao wei 4176 2973 0451 0143], and effectively pushed forward in-depth development of entire brigades and regiments in implementing the "Program for Army Grass-Roots Building" and the all-around progress of grass-roots building. Through a recent comprehensive inspection, the joint work team from the General Political Department and the Lanzhou Military Region determined that the group army in question has opened a road to success in promoting the implementation of the "Program."

How can we guarantee constant implementation of the "Program?" Based on relevant requirements in the "Program," the group army studied and formulated "Opinions on Giving Full Play to the 'Forefront Headquarters' Role of Brigades and Regiments" and set out explicit requirements on what to pay special attention to and how to do it. Then the group army party committee standing committee members, and secretaries and deputy secretaries of division party committees, headed teams to stay at selected brigades and regiments to help improve work and gain firsthand experience for guiding overall work by stages and in groups; they passed on experience, gave help, and set a personal example in training grass-roots officers to strengthen their ability to pay special attention to grass-roots building according to the "Program." They corrected the problems of some brigades and regiments that were "outstanding in a single aspect" [dan xiang mao jian 0830 7309 0379 1423] but lacked a definite approach [lu shu bu qing 6424 2422 0008 3237]. Based on the requirement that those who pay special attention to grass-roots work must be familiar with the grass roots, they gradually increased the proportion of officers

in leading bodies and organizations of the brigade and regiment who are familiar with grass-roots conditions and are able to pay special attention to grass-roots work; on two occasions, they conducted relatively major readjustments of leading bodies and section chiefs of various organs of brigades and regiments under the group army command; they trained leading personnel from various categories, helped brigade and regiment party committees and organs gradually pay special attention to such methods as implementation by linking to actual conditions, grasping overall work with overall planning in a harmonious way, consolidating strong points and improving weak points while focusing on the whole, and promptly discovering and resolving chronic problems. Over the past three years or so, the group army party committee standing committee and organs have inspected a number of brigade and regiment party committees and organs one after another, and given them specific help.

To give full play to the "forefront headquarters" role of brigades and regiments, this group army urged the leadership and organs to perform duties stipulated in the "Program" in a down-to-earth way and cut back unnecessary interference in the work of brigades and regiments. Work teams at all levels down to grass-roots units must help do some work in the plan under the unified arrangements of "the forefront headquarters," thus genuinely changing the situation of "each doing things in his own way." For example, in grasping typical examples in the past, various professional departments would pay special attention to their own field of work, which was liable to upset the overall planning of brigades and regiments in grasping the grass roots. Now, they must come under the study and recommendation of the "forefront headquarters," after which the situation is reported to the organizational department for its examination before a decision is made.

Giving play to the "forefront headquarters" role of brigades and regiments has greatly augmented their initiative and creativity and pushed the all-round development of grass-roots building. Over the past two years, 19 brigades and regiments in the group army have been assessed as advanced brigades and regiments in grass-roots building, with the number of backward companies reduced by a wide margin; the divisions and brigades under its command were separately commended by the General Staff Department and military region as advanced units in military training and administration.

**PRC: Commentary on 'Forefront' Role of Brigades, Regiments**

*HK3001035296 Beijing JIEFANGJUN BAO  
in Chinese 14 Dec 95 p 1*

[Short commentary: "A Guiding Principle for Paying Special Attention to the Grass Roots"]

[PTS Translated Text for FBIS] "Leading organs at and above the division level must attach importance and be good at giving play to the 'forefront headquarters' role of brigades and regiments in paying special attention to the grass roots." That is a guiding principle for leading organs in paying special attention to the grass roots, as the "Program for Army Grass-roots Building" explicitly stipulates.

The brigade and regiment are at the forefront of paying special attention to the grass roots as well as the specific leaders and organizers of grass-roots building. If the role of brigades and regiments is given full play, the implementation of work in various aspects will be reliably guaranteed. The experience of a group army under Lanzhou Military Region has once again demonstrated that resolute implementation of this guiding principle for paying special attention to the grass roots is helpful to giving play to the initiative and creativity of brigades and regiments in their work, and guarantees the overall implementation of the "Program."

To give play to the "forefront headquarters" role of brigades and regiments, it is imperative to focus on guiding brigades and regiments to do a good job of comprehensive work [tong de gong zuo 4827 4104 1562 0155]. We often say that there are a thousand threads from above, and the grass-roots unit serves as a needle, whereas the role of "go-between" [chuan zhen yin xian 4502 6859 1714 4848] mainly falls on brigades and regiments. To help brigades and regiments to closely link various instructions and requirements from the above to the actual conditions of their own units, to implement face-to-face leadership over the grass roots, the effects are obviously far better for organs at and above division levels to carry a directive directly to the grass-roots level. To adhere to such practice, implementation of various tasks at the grass roots will be genuinely guaranteed.

Whether or not leading organs at and above the division level attach importance to and are good at giving play to the forefront headquarters role of brigades and regiments is a practical test of their ability to pay special attention to the grass roots. We hope that the experience of the group army in question will be spread throughout the army.

**PRC: Shandong Secretary Speaks at Military District Plenum**

**SK0701052296 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 6 Jan 96**

[FBIS Translated Text] The fourth plenary session of the fifth party committee of the Shandong Provincial Military District was held in Jinan from 4 to 6 January.

Zhao Zhihao, secretary of the provincial party committee and first secretary of the party committee of the provincial military district, made a speech at the session.

In his speech, he stressed: In order to suit the new situation in army and local reform and construction, we should carry forward the fine tradition that the party manages the armed forces, should realistically strengthen the leadership over the people's armed work, and should better serve Shandong's economic and social development.

Zhao Zhihao pointed out: Party committees at various levels should fully understand the important position which the people's armed forces occupy in the new situation; should firmly foster the thinking that the party manages the armed forces; should accurately handle the relationship between national defense construction and economic construction; should regard the construction of national defense reserve forces as an extremely important political task; and should pay firm and good attention to this.

Zhao Zhihao stressed: We should intensify political awareness, make each and every comrade consciously think and politically act in high unison with the party Central Committee, strengthen the awareness of taking the overall situation into consideration, and persistently grasp both economic construction and the construction of the national defense reserve forces. It is imperative to intensify the sense of responsibility. We must not shake our responsibility for managing the leadership command, the construction orientation, political construction, and the solution of key problems. It is imperative to strengthen the awareness of setting a good example. Local party committees at various levels should concern themselves with and support the people's armed undertakings, and should create a good social environment for achieving armed work.

Zhao Zhihao concluded: The year 1996 marks the first year to carry out the Ninth Five-Year Plan. People's Armed Forces Departments should positively bring their functional roles into play; cultivate new-style militiamen with ideals, education, moral integrity, and a sense of discipline; strive to create a new situation in the militia and reserve service work; and create new and greater

contributions for the stability and development of the nation and the army as well as Shandong's socialist modernization drive.

The session also studied and relayed the guidelines of the enlarged meeting of the Central Military Commission and the sixth plenary session of the seventh party committee of the Jinan Military Region.

Liu Guofu, Standing Committee member of the provincial party committee and political commissar of the provincial military district, made a speech on conscientiously implementing the guidelines of this session and highly grasping the army, militia, and reserve service work.

**\*PRC: Navy Officer on Likelihood of Large-Scale Naval War**

**96CM0010A Beijing JIANCHUAN ZHISHI [NAVAL AND MERCHANT SHIPS] in Chinese 8 Aug 95 No 8, pp 4-5**

[Article by Li Yaqiang (2621 0068 1730): "Will Large-Scale Naval Warfare Recur?"]

[FBIS Translated Text] While commemorating the fiftieth anniversary of World War II, we cannot help but think about the succession of surging, bloody, and tragic sea battles that occurred during World War II. These sea battles are not only world renowned in scale, but their outcome has also had a far-reaching effect on the world. When mankind entered modern society during the twentieth century, the scale of "large-scale naval warfare" also developed to an extreme limit, so much so that one might call it "total sea warfare." Victory or defeat in these sea battles meant the life or death and the survival or downfall of many belligerent nations. Their ultimate goal was strangulation of the enemy's economy. The common people became the objects of attack. In World War II, the belligerents—the United States, Great Britain, Germany, and Japan—put their countries on a full wartime footing. The island countries of Great Britain and Japan poured virtually all their national resources into the vast oceans. All the belligerents built thousands of warships, tens of thousands of airplanes, and sent millions of troops into battle. The sea war theater spread to virtually every ocean of the world. The forms of combat were also constantly updated. Not only were their large battles among battleships and cruisers, but aircraft carriers, submarines, and airplanes confronted and strangled each other. There was "all-out submarine warfare," "attrition campaigns," and "strategic bombing," until finally two mushroom clouds rose over Hiroshima and Nagasaki...Today, in an era when peace and development have become the main themes in in-

ternational relations, can the large-scale sea warfare that stunned and changed the world recur?

At the end of the seventeenth century, the western countries began large-scale expansion abroad. Constant battles for mastery of the sea grew out of this; thus, "large-scale naval warfare" never stopped for long. However, as mankind stands on the threshold of the twenty-first century and looks back at the history of the past 50 years, he is bound to see that for a fairly long time after the end of World War II, even though the United States and the Soviet Union carried on an across-the-board military confrontation on every ocean in the world, and sometimes were at swords points, in the end no direct military clashes at sea occurred. During this same period, approximately 300 military clashes and local wars occurred at various places in the world, and large-scale land wars were also not unknown. A substantial portion of the flames of war from these conflicts spread to the oceans, or the oceans even became the main battlefield. In the end, however, these clashes did not trigger "large-scale naval warfare." The noisy marine battlegrounds seem to have quieted down. Some naval clashes that occur from time to time have extremely limited objectives and are on an extremely limited scale. They do not have destruction of the enemy country as their goal, nor are all a country's energies mobilized to be consumed in a sea of fire. In the overall international scheme of things, these sea battles can be only said to be like ripples on stagnant water. An example was the Malvinas Islands sea battles between Great Britain and Argentina. When the gun smoke in the air over the Malvinas Islands was thick, the British naval task force did not fire so much as a single shot against the Argentine homeland, and British business firms continued to do business as usual in Argentina. British property in Argentina sustained no losses at all.

With the dissolution of the USSR, and the end of the Cold War, the sharp military confrontation at sea between the United States and the Soviet Union came to an end, and the specter of a worldwide large-scale naval warfare disappeared. When rejoicing over the end of the Cold War echoed across the ocean skies, the mission of navies seemingly changed fundamentally as well. In 1993, the U.S. chief of Naval Operations, Admiral Frank B. Kelso, II, said openly: The U.S. Navy's strategy has changed from "on the sea" to "from the sea," meaning that formerly the United States mostly prepared to deal with the military threat from the USSR on the sea, but now this has changed to the delivery of combat forces from the sea to world danger spots to intervene militarily on land from the sea. This means a fundamental change in the U.S. Navy's strategic emphasis. No longer is naval warfare the main mission of the United States

Navy, the world's most powerful navy. Instead, it is serving land warfare! It also spells the end of an era—the large-scale naval warfare era.

Militarily, a modern naval flotilla has all sorts of weapons to wage war against sea, air, coastal, and submarine targets. It is capable of waging war in many dimensions—on the sea, on land, underwater, in the air, in space, and electromagnetically. However, even though approximately 130 countries and regions have their own navies today, only a small number of them have a blue ocean combat capability, and the number of navies that are able to wage war in many dimensions is even fewer. The seas are mankind's second biosphere, and they are also human society's second battlefield. But sea battlefields differ from land battlefields. Combat on sea battlefields requires a country to build a mobile combat force, namely a navy, and the navy's sophisticated weapons and ferocious striking power is dependent on the country's scientific and technical strength. The cost of a completely armed modern warship is high. Take the U.S. aircraft carrier, "Nimitz," for example, which cost more than \$3 billion to build, \$6 billion to equip with necessary aircraft, and expenses of between \$1.8 and \$2.4 billion during its life. Were this money spent to build steel mills instead of a ship, probably several Baoshan Iron and Steel Mills could be built. The huge expenditures required for a modern navy can only be supported by a developed economy, and developed science and technology. "All the country's strength to build a navy" is no empty slogan. Therefore, countries having a weak economic, scientific, and technical foundation, countries whose overall strength is limited, and countries waging war on land, that are threatened by war, and that have other concerns cannot devote their full energies to building a navy, much less can they pour all their energies into a large-scale naval warfare. Most developing countries do not even have the strength to gain regional hegemony on land, much less the strength to fight large-scale naval warfare.

One can see from a survey of all the factors that even though land battles have been frequent since the end of World War II, and even though many of them have either spread to the sea or have been conducted at sea, real, all-out battles at sea have not broken out, nor are they likely to occur in future. No wars at sea is seemingly a foregone conclusion, so the United States Navy can relax and change from "on the sea" to "from the sea." In this sense, the "great sea battles" era has truly ended. However, we fear it is premature to reach the conclusion that "large sea battles" will disappear forever.

The various conditions necessary for the outbreak of "large-scale naval warfare" will not be available for a

fairly long time to come. The main focus of naval battles is on obtaining sovereignty over islands, controlling ocean areas, and competing for mastery of the seas. The next several decades will not be an era for naval warfare on a worldwide scale. At the very least, it will not be a period for large-scale, total war, but rather a period of preparing for war. All countries will concentrate on the development of their overall strength, using reserve strength (financial, material, and manpower resources) to develop a navy to the extent that this does not hurt development of the country itself. They will focus on improving the technological level of equipment, improving quality, and on laying a fairly strong foundation for the readiness of main technical, tactical, and combat forces when a future war begins.

The following trends have become fairly clear in the development of ships around the world. During the 1980s, the world built a total of 232 large combat ships. The United States built 74, and the USSR built 105, the two countries accounting for 77 percent of the total number. By ship type, 11 aircraft carriers were built, 35 cruisers were ordered, and 76 destroyers, 33 ballistic missile nuclear submarines, and 78 nuclear-attack submarines were built. The number of large combat ships on order fell tremendously during the 1990s to only 66. Ship orders received included 25 destroyers, six ballistic missile nuclear submarines, and 31 nuclear-attack submarines. Only four countries plan to build new aircraft carriers, and there are no new orders for cruisers. Conversely, the naval equipment quality requirements of all countries have increased steadily. The U.S. Navy's equipment development emphasis is on maintenance of technological superiority. In addition to continuing development of "Nimitz"-class aircraft carriers and "Seawolf"-class nuclear-powered attack submarines, it is also focusing on the development of new types of amphibious attack ships and F/A-18E/F fighter planes. It is also researching and developing more sophisticated deck fighter planes. Since the dissolution of the USSR, Russia has made tremendous cuts in its Navy for political and economic reasons. The pace of ship construction has slowed greatly. Nevertheless, research and development of new type ballistic missile nuclear submarines and nuclear-attack submarines is continuing, and they will probably go into service by the end of the present century. In aircraft carrier and deck aircraft research and development, in particular, Russia is trying relentlessly to catch up with the United States. France is emphasizing research and development of nuclear-powered aircraft carriers, and India will also buy new aircraft carriers, as well as research and develop nuclear submarines. In addition, Germany, Japan, the UK, France, Canada, the Netherlands, and Sweden are actively developing conventional submarines, particularly AIP technology (a

new type nuclear power equipment that does not require outside air). Actually, a new kind of naval armaments race is underway.

By comparison, some developing countries are also working hard to build up their navies. During the 1990s, nearly 800 medium and small ships were built, more than 50 percent of them to fill the orders of developing countries. The gradual spread of guided missiles and conventional submarines permits the limited navies of some medium and small countries a substantial modern combat capability. In particular, the geographical superiority of some of them that occupy a geographically important strategic position in the world enables them to become local naval powers. Since the role of the ocean in international warfare is constantly increasing, regional hegemonist forces will seek to control local sea domains. This intention will have a substantial effect on future sea warfare. Rivalries by individual countries for territorial sovereignty, for the demarcation of ocean territories, and for maritime rights and interests will become the main causes of military clashes at sea and local wars. This applies particularly to rivalries for islands of strategic significance and control of ocean territory. Their outcome involves regional dominance and even changes in the world pattern. They can easily ignite fairly large-scale sea warfare.

With improvement of quality and increase in the technical reserves of navies in all countries, should a fairly serious clash of maritime interests occur, and it becomes militarily necessary countries whose economic strength is becoming greater with each passing day have the ability to put the country on a wartime footing rapidly and to fight a large-scale sea war. Therefore, where a future sea war will occur, who the protagonists will be, on what scale it will be, and what methods will be used to wage it are all unknown quantities about which there is very great uncertainty.

To say facetiously that total war can no longer occur is to run the risk of being ridiculed and sneered at like Neville Chamberlain's predictions of peace just before World War II. At least, the United States does not feel this way. Two Americans, Friedman and Lebade [as transliterated] have written a book titled, "The Second American-Japanese War" which looks at the strategic interests of the United States and analyzes the origins of conflict between the two countries. The ideas they express are clear and unmistakable: Japan is just the United States' present ally. Once economic and political clashes intensify, the outbreak of a second Pacific Ocean war between the two countries will become inevitable. By analogy, are the United States and Russia really permanent strategic partners, and will the Russian Navy no longer be the adversary of the U.S. Navy? The

1993-1994 issue of "Jane's Fighting Ships" warned the West not to pay too much attention to reports about reductions in the size of the Russian Navy. They show only that Russia's Navy is in "hibernation." Once Russia awakens, it will have renewed vitality. But what of relations among Germany, Russia, the U.K. and France? Can a "united Europe" really reconcile the various conflicts among these countries, and really make them act like a family instead of stirring up wild waves and great billows at sea? At the moment, there can be

no accurate answer to these questions, but history and common sense tell people one thing: Warships were never intended to be tourist boats. So long as there are navies, there can be war. So long as large naval forces exist, the outbreak of larg-scale naval warfare is possible. Therefore, one can only dispassionately observe, fully analyze, and make necessary combat preparations for a future sea warfare.

**General****PRC: Rural Enterprise Development in 8th Plan Cited**

**HK2901062196 Beijing NONGMIN RIBAO**  
**in Chinese 16 Nov 95 p 1**

[Article by Lu Yongjun (4151 3057 6511), Chen Jianguang (7115 0494 0342), and Pan Libing (3382 0448 0365): "Rise Up Toward Heaven Like the Roc That Transformed From a Fish Into a Bird—Report From Rural Enterprises During the Eighth Five-Year Plan"]

**[PTS Translated Text for FBIS] Chronicle of Events in Rural Enterprises During the Eighth Five-Year Plan**

In 1991, after three years of improvement and rectification, rural enterprises began to get onto the "expressway."

—In 1992, Comrade Deng Xiaoping made a speech during his southern tour naming rural enterprises as one of the three advantages of socialism with Chinese characteristics. In January, the State Council, in the name of the state, endorsed document No. (1992)19, the report of the Ministry of Agriculture on the promotion of the continuous and healthy development of rural enterprises. In October, general secretary Jiang Zemin pointed out in his report at the session of the 14th Central Committee of the CPC: "The sudden emergence of rural enterprises is another great invention of the Chinese farmers. It opens up a new way for rural surplus labor to transfer out from the soil, for prosperity in the countryside, for steady realization of modernization, for the development of industry, and for the whole economic reform." In November, the State Council held a national conference in Xi'an to exchange experiences on the acceleration of the development of rural enterprises in central and western regions. The acceleration of development of rural enterprises in central and western regions was taken as a strategic emphasis of the national economy.

—In 1993, the State Council, in the name of the state, passed document No. (1993)10, the "Resolution on accelerating the development of rural enterprises in central and western regions." The State Council additionally fixed a series of guidelines and policies on guidance and support for the development of rural enterprises in central and western regions. In September, the State Council held a national working conference on rural enterprises for the first time, making a general plan for the reform and development of rural enterprises for a future period.

—In 1994, Premier Li Peng pointed out emphatically in his congratulatory letter to the national awards conference for rural enterprises: "To develop rural

enterprises is a component of Comrade Deng Xiaoping's theory of the construction of socialism with Chinese characteristics and the only road to the realization of farmers achieving moderately well-off levels and the realization of agricultural modernization."

—In 1995, the general office of the State Council transmitted the Ministry of Agriculture's "Model projects plan for the cooperation between western and eastern rural enterprises." The cooperation between western and eastern rural enterprises began to enter a stage of full implementation.

**Achievement and Contribution — Drawing World Attention**

During the "Eighth Five-Year" plan, the rural enterprises accomplished significant achievements and made great contributions:

—Rural enterprises became the main invigorating force for the rural economy. From 1990 to 1994, gross production realized by rural enterprises increased from 958.1 billion yuan to 4258.8 billion yuan and the proportion of the rural gross production increased from 57 percent to 75 percent; the value of fixed assets of rural enterprises increased from 285.7 billion yuan to 860 billion yuan, a net increase of 574.3 billion yuan, making up 90 percent of the increase of the accumulated capital in the rural collective economy.

—Rural enterprises became the main channel absorbing rural surplus labor and the main source of increase in farmers' income. From 1990 to 1994, the number of employees in rural enterprises rose from 92.64 million to 120 million, and 60 percent of the net increase in farmers' income came from rural enterprises.

—Rural enterprises became the main propelling force in realizing agricultural modernization. First, rural enterprises provided agriculture with large quantities of production goods including fertilizer, pesticide and farming tools; second, they invested large sums of capital in agriculture. From 1990 to 1994, the capital rural enterprises spent replenishing and building the agricultural basis was more than 56.4 billion yuan; third, rural enterprises developed processing of and trade in agricultural and sideline products, provided agricultural and sideline products with a wide market, and promoted the specialization, industrialization, commercialization and modernization of agricultural production.

—Rural enterprises became the only road to rural industrialization and urbanization. The main body of rural enterprises is industry. The process of farmers developing rural enterprises in the countryside is actually the process of the realization of rural industrialization and urbanization. Small towns like Shengze in

Jiangsu, Daqiu Zhuang in Tianjin, Longgang in Zhejiang, and Rongqi in Guangdong have demonstrated the beautiful prospects of rural urbanization.

—Rural enterprises became the material guarantee for the promotion of the construction of rural spiritual civilization and for raising the overall quality of Chinese farmers. From 1990 to 1995, rural enterprises spent as much 71.5 billion yuan on the construction of different projects in the countryside and provided the material guarantee for the construction of spiritual civilization in the countryside. Meanwhile, rural enterprises drew modern industrial civilization into the broad countryside, making farmers knowledgeable and specialized.

—Rural enterprises became an effective means of increasing the fiscal income of different levels and enhancing the comprehensive national power. Rural enterprises are an increasing advantage in the new rapid expansion of the Chinese national economy. The domestic gross production created by them increased from 258.6 billion yuan in 1990 to 1,150 billion yuan in 1994, and their proportion of national gross domestic product went up from 14.6 percent to 30 percent (calculated at comparable prices). In the five years, tax paid to the state totaled 413.3 billion yuan, 159.2 billion yuan of which was paid in 1994, making up 31 percent of state fiscal income (518.1 billion yuan). About 70-80 percent of the fiscal income of some counties (cities) and townships (towns) that are advanced in rural enterprises comes from rural enterprises.

—Rural enterprises became an important factor in stabilizing the countryside and society and consolidating grass-roots authorities. As facts proved, wherever rural enterprises are well developed, social stability and the spiritual appearance of farmers are good. Just as General Secretary Jiang Zemin pointed out: "Vigorous development of rural enterprises... has great and profound significance in maintaining the social stability of the countryside and the whole society."

—Rural enterprises became the effective force in increasing social efficiency in provision, development and prosperity of rural and urban markets. At present, many products manufactured by rural enterprises make up considerable proportions, like 45 percent of raw coal, 40 percent of cement, 80 percent of garments, 90 percent of medium and small farming tools, and 95 percent of bricks and tiles; on the other hand, rural enterprises created and developed a large lot of various specialized and comprehensive commodities markets, bringing along the supporting development of industries concerned.

—Rural enterprises became the leading brigade in the socialist market economic system. The decision-making mechanism of full management authority, the cadre

mechanism with the capability of taking a lower as well as a higher post, the personnel mechanism having authority to employ or fire, the distributing mechanism with the right to raise and lower pay, the encouraging mechanism with clear awards and punishments, the development mechanism of self accumulation and so forth have played very good reference and propelling roles in establishing the socialist market economic system in China.

#### Features and Tendencies — A Beautiful Tomorrow Indicated

During the "Eighth Five-Year" Plan, the pace of reform, development, and progress of rural enterprises was further quickened and assumed some new features and tendencies:

—With collectively owned enterprises as the leading force, diversified economic sectors developed together. In 1994, of the gross production of rural enterprises, rural collective enterprises made up 67 percent and other economic sectors 33 percent. Looking at it from the development aspect, other economic sectors developed faster and the tendency for different economic sectors to develop with mutual compromises is also prominent.

—The scale of enterprises has expanded rapidly, and a group of large and medium-sized rural enterprises emerged. The common features of these enterprises are not only large scale but also high levels of scientific and technological content, high degrees of export orientation, good economic efficiency and sufficient reserve strength for development, and the realization of unity between rises in both quality and quantity.

—The mode of economic increase has gradually turned to the road of dependence upon scientific and technological progress, enhancement of scientific management and raising quality and efficiency. In the course of development, rural enterprises constantly imported, digested, and absorbed advanced technology; conducted enterprise technological transformation and the renewal of equipment; and developed new products. At present, over 70 percent of the rural collectives throughout the country have accomplished the construction of fundamental management and specialized management, forming a comparatively perfect management system.

—Enterprise reform proceeded from the reform of the interior system toward deeper reforms like that of the property right system, achieving obvious effect. More than 200,000 rural collective enterprises throughout the country have turned into enterprises with cooperative shares system through experiments, and national-level enterprise groups amount to more than 200. Supportive

reform measures like enterprise contracting, leasing, merging, auction, and bankruptcy have also been taken.

—An export-oriented economy has become the powerful driving force for development. Catering only to the domestic market has changed to simultaneously opening the two markets, domestic and foreign. In 1994, 13,000 rural enterprises throughout the country enjoyed export, the number of rural "three-capital" enterprises hit 29,400, and 886 enterprises were set up abroad.

—Support of agriculture turned from pure replenishment and construction of agriculture with capital to driving agriculture to change in the direction of industrialization, strengthening and commercialization. Rural enterprises gradually formed commonwealth interests with agriculture.

—Ties with state-owned enterprises have become closer and closer. The new relationship of mutual dependence, mutual markets, mutual promotion, and mutual development has formed. On the one hand, a considerable share of industrial production goods and necessities like equipment produced by state-owned enterprises was sold to rural enterprises and their employees, providing the state-owned enterprises with a broad market. Rural enterprises provided support to the development of state-owned enterprises in areas including sites, cheap labor, raw materials, and spare parts. Presently, the support rate of rural enterprises for state-owned industry is above 40 percent. On the other hand, due to their respective needs for development, different economic alliances between rural enterprises and state-owned enterprises have become more and more common; the advantages of state-owned enterprises, like technology, equipment, and qualified personnel and management, and the advantages of rural enterprises, like mechanisms, labor, and resources, have combined together and formed economic and commonwealth interests.

—Dependent upon small industrial zones and small towns, the establishment of relatively concentrated distribution begins to take form. It has gradually become commonly recognized that rural enterprises should be relatively concentrated and developed zone by zone. In different places, effective measures have been taken to rationally plan, make policies, and correctly guide rural enterprises to concentrate development in small industrial zones and small towns. The past situation of dispersed distribution with "a fire in every village and smog in every home" has been basically changed.

—Eastern and western cooperation has been commonly emphasized, and everyone from high-grade authorities to low-grade authorities is contriving to promote the formation of coordinated development between regions. For rural enterprises in different regions to benefit

each other and compensate each other not only pushes forward the development of rural enterprises in central and western regions but also promotes the progress of rural enterprises in the eastern region.

—In compliance with the demands of the construction and development of the socialist market economy system, a large group of rural entrepreneurs and personnel with comparatively high quality has come into existence. Since the reform and opening, while employing and drawing in personnel by various means, rural enterprises have gradually changed the emphasis of developing personnel to the cultivation and creation of their own force of qualified personnel. By 1994, 1000 people were rated as "National Rural Entrepreneurs," and a large number of rural entrepreneurs were also entitled in different provinces, prefectures and counties. In rural enterprises, a big force of management, fiscal, technological, and marketing qualified personnel has formed. Of rural enterprises, there are 4 million qualified personnel, 2.6 million specialized technicians, 600,000 with semi-senior professional ranks and titles, and 8 million marketing employees.

#### **Difficulties and Problems — Force a New Development Road**

During the "Eighth Five-Year" plan rural enterprises still faced some comparatively outstanding difficulties and problems in reform and development:

—Capital was in serious shortage. The proportion of loans of rural enterprises in total loans in the country was too small, only about 8 percent. This is not compatible with the role of rural enterprises in the national economy, nor is it compatible with the demand for resources to be allocated in accordance with market mechanisms.

—The tax burden on enterprises has become heavier. After reform of the tax system, the tax rural enterprises paid to the state increased sharply. Taxes paid were 159.2 billion yuan in 1994, up 50.33 percent, making up 41 percent of total profits and taxes of rural enterprises. Large numbers of small-scale taxpayers among rural enterprises lost their conditions for existence and development.

—The social burden is heavy. Rural enterprises have some extra irrational burdens in addition to expenditures for state and regional taxes, for compensating contributions to rural agricultural development, and for public expenditures in the countryside.

—The mechanism is in dire need of perfection. With the changing market environment, competitors that rural enterprises face are becoming more numerous and

stronger, and the advantages of the mechanism will be relatively weakened. In particular, the original rural collective enterprises are faced with severe challenges. Not enough research has been done on how to clarify property rights and to realize the division between the authorities and enterprises and scientific management. On many difficult questions and key points, no breakthroughs have been made.

—Management is in urgent need of enhancement. Outstanding problems like fiscal chaos, poor product quality, lack of safety measures and serious environmental pollution exist in some rural enterprises.

—Losses cannot be ignored. In 1994, 11.38 percent of rural enterprises suffered losses, 1.65 percent more than last year; losses totaled 10.9 billion yuan, 25.66 percent more than last year.

#### PRC: Nuclear Industry Shifts to Civilian Production

OW3001025896 Beijing XINHUA in English  
0143 GMT 30 Jan 96

[FBIS Transcribed Text] Beijing, January 30 (XINHUA) — China's nuclear industry has undergone a historical structural readjustment, with its production for civilian use accounting for 80 percent of its total output value now, as compared with five percent in 1980, statistics show.

The country's nuclear industry is developing in accordance with the principle of "combining military production with civilian production, taking nuclear industry as the basis while developing nuclear power and promoting a diversified economy," according to the China National Nuclear Corporation (CNNC).

From 1955 to the late 1970s China's nuclear industry was mainly confined to military production. After that, the country began to introduce the reform and open policies, and started to shift the industry from military production to civilian production, with the emphasis on the peaceful application of nuclear energy and nuclear technology.

At present, the industry's three pillar sectors are the development of nuclear power stations, nuclear fuel and a diversified economy, the CNNC said.

In the Eighth Five-Year Plan period (1991-1995) a number of projects involving the production of fertilizers, magnesium, titanium dioxide, electrolytic aluminum and rare earth have gone into operation, providing many job opportunities for people made redundant by the closing of military facilities.

From 1986 to 1995 the industry launched over 300 projects for shifting military technology to civilian use. Of these, 12 projects with investment of over 100 million yuan (about 12 million US dollars) each have been basically completed.

In the 1991-1995 period the output value of civilian products in the industry grew at an annual rate of 38.3 percent, statistics indicate.

In 1995 the output value generated from the diversified economic production in the industry reached nearly four billion yuan, and the industry's exports increased 12 percent over 1994.

#### PRC: Prices Increase for Textile Raw Materials

OW3001011696 Beijing ZHONGGUO XINWEN SHE  
in English 1305 GMT 26 Jan 96

[FBIS Transcribed Text] Beijing, January 20 (CNS) — In 1995, prices for textile industry raw material such as cotton, wool, linen, silk and polyester fibres rapidly increased; output of these raw materials also increased. At the end of 1995, demand and supply were in equilibrium and local prices were much the same as those in the international market. No great changes are predicted for 1996.

In 1995, raw cotton prices in China rose to over RMB [Renminbi] 20,000 (HK\$ 18,580) per tonne and maintained their high level. According to overseas statistics, the cotton output and total cotton consumption in the world are expected to increase by 4 percent and 3 percent respectively between 1995 and 1996. World cotton stocks will increase by 6.5 percent to 20.8 million sacks. These conclusions are drawn on the basis of a reduced Chinese cotton output. In fact, from 1995 to 1996, China's cotton output will not be lower than in previous years.

Experts think that from 1995 to 1996, the international price of cotton will be lower than in 1994 to 1995 but will higher than at the beginning of the 90s.

Wood prices in China have been subject to the laws of the market for ten years, so the price has long been linked to international markets. According to information provided by the State Information Centre, from 1995 to 1996, a cyclical decrease in sales will occur for woolen sweaters on the mainland. It is estimated that mainland market saturation will cause a drop in the price of wool.

In 1995, there were good flax harvests in Heilongjiang Province. The amount purchased, the availability of high-quality flax and the quality of the fibre all reached their highest historical levels. After a few years of

fluctuation, the price of flax has stabilized at a suitable level. Flax-spinning enterprises and farmers accept this reasonable price. This has laid the foundation for the continuous steady development of flax-spinning in China.

As international silk consumption has shrunk, an over-supply of silk in China has become evident. Development of local consumption may partly relieve the excess supply. As to raw material prices, experts think that no rising tendency will appear and that a drop in prices is certain.

In 1995, polyester fibre output increased relatively rapidly. In 1996, with balanced supply and demand for cotton, there will be an abundant supply of polyester fibre; the likelihood of a rise in polyester fibre prices is very small.

#### **PRC: Domestic Electronics Makers Expand Market Share**

**HK2901081996 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 28 Jan-3 Feb 96 p 2**

[By Xu Bingjian: "Electronics Makers Capture Bigger Share of Bids"]

[PTS Transcribed Text for FBIS] Chinese electronics enterprises are proving stronger bidders for internationally funded national key projects, said an official with the Ministry of Electronics Industry (MEI).

In the past five years, domestic enterprises won 31.19 per cent of the bids for the electronics products for the projects, compared to 5 per cent during 1986-1990, according to Guo Xiuming, deputy director of MEI's international tendering co-ordination office.

During 1991-1995, the State purchased electronics products worth \$1.22 billion with loans from the World Bank, Asian Development Bank and Overseas Economic Co-operation Fund of Japan (OECF), Guo told Business Weekly.

China used \$25 billion in overseas loans for its key projects from the three organizations. Most of the necessary equipment is purchased through international competitive bidding.

The State will buy \$3 billion worth of electronics products through open tender during the Ninth Five-Year Plan period (1996-2000), Guo said.

In 1995, electronics products worth \$449 million were bought for large projects such as the National Economic Information System of the State Information Centre, the Beijing-Kowloon Railway and Beijing-Hohhot-Yinchuan Lanzhou fibre-optic cable project.

The tendering lured a batch of big-name computer and telecommunication firms such as IBM, Digital Equipment Corp, Hewlett Packard, AT&T, Nokia and Siemens.

Chinese enterprises won bids for \$208 million worth of products, accounting for a record 46 per cent.

Domestic winners included Legend Group, Taiji Computer,

Shanghai Bell, NEC (Tianjin), Founder Group, and Yanytze Optical Fibre and Cable Co.

In 1994, tendering for electronics covered products worth \$138 million. Chinese enterprises won \$35 million.

"Given China's status as a developing country, the success of the domestic enterprises was pretty satisfactory," said Guo.

#### **PRC: Aviation Director on Safety, Infrastructure**

**OW2901145196 Beijing XINHUA in English 1217 GMT 29 Jan 96**

[FBIS Transcribed Text] Beijing, January 29 (XINHUA) — The past year has been a year of safety and development for the civil aviation industry of China, a senior official in the field said here today.

Chen Guangyi, director of the Civil Aviation Administration of China (CAAC), pointed out that 1995 was the first year without flight accidents in eight years. "So far we have flown safely for 1.28 million hours in a period of 18 months," he said.

Chen made the remark at a national conference on civil aviation that opened here today.

Last year, the number of passengers hit 51.12 million, a growth of 26 percent over 1994. Air cargo increased by 22 percent in the same period to hit 1.01 million tons.

In 1995 the industry spent 6.3 billion yuan on capital construction and technological upgrading, which was 26.9 percent up from 1994.

1995 saw the going into operation of nine airports in Shijiazhuang, Zhuhai, Dali and other Chinese cities. This has increased the nation's total number of airports to 132.

Since the 1980s the civil aviation industry of China has been growing at an annual rate of 20 percent. The country has the fastest-expanding aviation market in the world.

To guarantee the sustained, rapid and healthy development of the industry, China has been attaching great

importance to the improvement of its infrastructure, including the building and upgrading of airports and air traffic control systems.

In 1995 the industry also made a major step in using foreign capital, Chen said. In December of that year, Hainan Airlines in south China transferred 25 percent of its shares worth 25 million US dollars to an investment company controlled by George Soros the banking giant, thus becoming the first Chinese airline with direct foreign investment.

In 1995 the industry used a total of 15 billion US dollars of overseas investment.

Meanwhile, Macao Airlines has become the first overseas airline controlled by Chinese capital, with 51 percent of its shares owned by the China National Aviation Corporation.

1995 also saw the approval of China's first civil aviation law, which is to take effect March 1 this year.

#### **PRC: Civil Aviation Infrastructure Goals for 9th Plan**

**HK3001072096 Beijing CHINA DAILY in English**  
**30 Jan 96 p 1**

[By Yang Yingshi: "Growth Is on the Rise in Aviation"]

[PTS Transcribed Text for FBIS] Persistent growth in both passenger and cargo volume has prompted China's civil aviation to begin new construction of airports and ground facilities.

In the first year of the State's Ninth Five-Year Plan period (1996-2000), the State is to invest more than 9 billion yuan (\$1.08 billion) in infrastructure facility construction and technological renovation in the civil aviation industry.

This is a 30 per cent increase over last year, when the government injected over 6.32 billion yuan (\$760 million) in the aviation sector — already up 26.9 per cent from the previous year according to Chen Guangyi, director-general of the Civil Aviation Administration of China.

Most of the funds will be used in 19 projects under construction, including the expansion of the Capital Airport in Beijing and the construction of dozens of airports and auxiliary projects across the country, according to Chen.

Eight of the projects, including four airports in Guilin, Zhengzhou, Yichang and Taiyuan, will be put into operation by the end of this year. Chen told a three-day national working conference, which opened yesterday in Beijing.

Chen emphasized that construction of the airports in three metropolitan areas — Beijing, Shanghai and Guangzhou — as well as in other major cities will draw top attention from the government.

The three airports in Beijing Shanghai and Guangzhou handle 42 per cent of the passengers traveling by air each year in the country.

Chen said his administration is also striving to upgrade the air control systems of the country, which have special technological demands.

Experts said that the construction drive is needed to respond to the continuous rising demand for air transportation in recent years. The sector has experienced an average yearly growth rate of over 20 per cent for the past five years, both in passenger and cargo transport volume.

The poor infrastructure facilities in the air transportation industry, however, can hardly meet the increasing need, making it an urgent necessity to accelerate the construction drive the conference was told.

But the director-general said that the funds allocated by the government are still far from enough, encouraging varied and applicable measures to attract funding for the construction of infrastructure facilities.

Last year, the civil aviation sector had more than 30 projects under construction, mostly airports, official sources revealed. Nine new airports were opened last year.

#### **PRC: Capital Airport Expansion Project Viewed**

**OW2901121596 Beijing XINHUA in English**  
**1159 GMT 29 Jan 96**

[FBIS Transcribed Text] Beijing, January 29 (XINHUA) — The expansion of the Capital International Airport, China's biggest air traffic hub, is viewed as the most spectacular project so far in the development of China's aviation industry.

Chen Guangyi, director of the Civil Aviation Administration of China, said here today that the project, with an initially planned investment of nearly eight billion yuan, is the most important project this year in China's efforts to improve its aviation infrastructure.

Starting in November last year, the project involves the building of a 242,000-sq-m terminal building, 170,000-sq-m car park area, 470,000-sq-m plane parking lot and 16 supporting projects.

The whole project is expected to be completed before October 1999, with an ultimate total investment of 10 billion yuan.

Chen said that this year China hopes to complete eight aviation infrastructure projects, continue with ten projects, the majority of which are airport expansion or construction items, and start preparations for two new airports in Shanghai and Guangzhou, respectively.

He said it is expected that China's air carriers will handle a total of 60 million passengers this year, 1.18 million tons of cargo and mail, and complete 8.2 billion ton-kms in overall transport volume, registering growths of 17.4 percent, 16.8 percent and 14.9 percent respectively, compared with last year's figures.

**PRC: State Sets Controls on Aviation Rentals, Purchases**

*OW2901155696 Beijing ZHONGGUO XINWEN SHE in English 1225 GMT 29 Jan 96*

[FBIS Transcribed Text] Beijing, January 29 (CNS) — To promote the healthy development of aviation, China will strengthen the level of macroeconomic control over renting and purchase of aircraft and airport construction.

At the National Civil Aviation Working Conference today, Chen Guangyi, director of the General Administration of Civil Aviation, said that, to guarantee safety and improve profitability, China would strengthen the degree of administration it exercised over the purchase and renting of aircraft.

The General Administration had set a transport plane allocation plan for the "Ninth Five-Year Plan". He said that as present demand was great, an upsurge in the purchase of aircraft should be prevented to avoid excessive transport capacity. For the import of planes with over 100 seats, China Aviation Materials Corporation should negotiate with airlines.

According to Mr. Chen, as civil airport facilities in China were relatively antiquated, there was a nationwide demand for airport construction. Accordingly, airport construction might be stepped up.

This year, a national plan concerning the distribution of airports and airport construction during the "Ninth Five-Year Plan" would be issued; approval standards and procedures for airport construction would be set.

He said that civil administration bureaus, design and consultancy concerns should base on the principle of a high degree of responsibility for civil aviation and the State, and make a scientific study of airport construction.

**PRC: State Announces 1995 Gold Production Figures**

*OW3001010496 Beijing ZHONGGUO XINWEN SHE in English 0609 GMT 27 Jan 96*

[FBIS Transcribed Text] Beijing, January 27 (CNS) — For the first time since 1949, China has announced that her 1995 gold production was 105 tonnes. For many years before official production figures were unveiled, purchases by the People's Bank of China (PBOC) were used as the yardstick to measure actual gold production in China.

Although China is said to have a complete set of statistics of gold production, some analysts point out that there is an obvious difference between the statistics and the actual facts because of (1) the omission of gold extraction activities conducted by individual miners and (2) the volume of gold production calculated solely on the basis of the PBOC's purchases.

Between 1984 and 1994, official gold production figures were based on the volume purchased by the People's Bank of China. Theoretically speaking, as Chinese law requires that all production sold to the People's Bank of China and the fact that private transactions are prohibited, the volume extracted should equal the volume purchased. But in a strict sense, how can quantities purchased be treated in the same way as the quantity produced?

With the development of the gold ornament market since the late eighties, demand for gold has risen rapidly. However, as the inventories of the People's Bank of China are unable to satisfy actual needs, large volumes of gold and gold ornaments have flowed into China creating a "black market" for gold that bypasses the legitimate banking system. In this way, gold production figures were bound to derive from the purchasing volume leaving nobody to know either the exact quantity and value of gold transacted or China's true gold production.

Apart from the black market, it is also difficult to determine the volume of gold extracted by maverick miners who were explicitly disapproved by the Chinese Government in the late eighties. In 1994, the Government conducted a survey which revealed that in 20 provinces and cities, some 240,000 persons engaged in illegal gold extraction throughout the country mined about 12000 grams per year.

Although the number of illegal gold-miners has fallen from its 1984 peak, the quantity of gold extracted could conservatively total 88000 grams over the 11 year period. Offhand, over 90 percent of gold extracted was channelled into the black market. In other words, 100

plus tonnes of gold were neither purchased nor placed in the State's gold bank. Further this has not been reflected in the actual production schedule.

Given the huge discrepancy between official and black market prices and considering rising operating costs and diminishing profits of state-owned or recognised gold mines, officials have been forced to turn to the black market for supplies. In 1993, for instance, the People's Bank of China purchased 60 tonnes of gold or 61 percent of actual production while the remainder was injected into the black market, although this kind of malpractice has been curbed in the past year or two.

Based on the above factors, people think that a 15 to 20 percent, or even 40 percent, adjustment should be made to China's official gold production figures.

### Finance & Banking

#### PRC: State To Adjust Investment Targets in 1996

OW3001114996 Beijing XINHUA Domestic Service  
in Chinese 2116 GMT 24 Jan 96

[By reporter Li Anding (2621 1344 1353)]

[FBIS Translated Text] Beijing, 25 Jan (XINHUA) — According to the State Planning Commission, the state will further adjust the investment structure this year to win the greatest possible economic efficiency of funds. Priority will be given to agriculture and technological transformation in existing enterprises. At the same time, investment in the real estate industry will be more tightly controlled.

Central-government-allocated funds will first be used for key agricultural and water control projects, mainly projects of harnessing major rivers and lakes and building commodity grain, cotton, and oil-bearing crop production bases as well as state-controlled granaries. Second, funds will be properly allocated to the construction of such infrastructural facilities as energy production, transportation, telecommunications, and major raw material production and to key projects in basic industry and in the machine-building, electronics, automobile, and petrochemical industries. Investment in scientific, educational, environmental protection, and other social undertakings will also be increased as much as possible.

The state will formulate policies favorable to the forming of the mechanisms that will prompt enterprises to take the initiative in carrying out technological transformation, thus linking technological progress with enterprise reform and reorganization and with the efforts to improve enterprise management. Local governments will be encouraged to properly use their financial resources to promote enterprise technological transformation and rationalize local economic structures.

The state will tighten control over investment in the real estate industry. According to a survey in this industry, in 1995, nearly 100 billion yuan in bank loans were used as investment in real estate projects in all parts of the country; but the state only arranged 5 billion yuan as loans for the "good housing project," and the remaining bank loans were made outside the state plan. This year, the State Council regulations concerned will be strictly executed, and high-class real estate projects and loans arranged outside the state plan for real estate projects will be effectively controlled. At the same time, the real estate investment structure will also be adjusted, with more housing oriented to ordinary people being built. Real estate projects with foreign investment will also be better managed and guided. Market forecasts will be properly conducted, and measures will be taken to prevent ill-coordinated construction.

#### PRC: Scope of Development Bank Loans Outlined

OW2301135696 Beijing XINHUA in English  
1119 GMT 23 Jan 96

[FBIS Transcribed Text] Beijing, January 23 (XINHUA) — More than half of China's large and medium-sized capital construction projects benefitted from loans provided by the State Development Bank (SDB) last year, according to a senior bank official.

Bank President Yao Zhenyan told a working meeting of the bank here today that 82 billion yuan (about 980 million US dollars) out of the 87.3 billion yuan in loans extended by the bank was used to finance 381 large and medium-sized projects, which accounted for 56 percent of the national total.

Of the projects, 116 were state key items, about 70 percent of the national total, Yao said, adding that those supported by the bank included the second phase of the Qinshan Nuclear Power Station, the Three Gorges Dam Project and the Beijing-Kowloon Railway line.

The SDB, one of the three policy-oriented banks established in 1994, sharply increased its financial support for agriculture last year, with loans to the sector up by 50 percent to 8.85 billion yuan.

Geographically, the bank leaned more toward the relatively-less-developed areas in central and western China. Yao said that loans to these areas totalled 58.4 billion yuan in 1995, about 67 percent of the bank's lending volume last year.

The president said that his bank also made "substantial progress" in expanding its international business, with loan contracts worth 3.427 billion US dollars for a total of 16 projects.

Meanwhile, with approval from the central financial authorities, the bank will establish its first batch of subsidiaries this year, Yao revealed.

**PRC: Hebei Conference Sums Up 1995 Banking Work**

**SK3001083596 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 29 Jan 96**

[FBIS Translated Text] The provincial banking work conference was held in Shijiazhuang on 29 January.

On the basis of summing up the province's banking work done in 1995 and in the Eighth Five-Year Plan period, the conference defined the general requirements and major tasks for the year 1996.

The conference maintained: Last year, the province further strengthened the macro control over the banking work, experienced a stable increase in bank savings and loans, expanded the dynamics of managing and supervising the banking business according to laws, and basically stabilized the banking order. As of the end of 1995, the bank deposits reached 290.6 billion yuan and the bank loans, 215.9 billion yuan. In the Eighth Five-Year Plan period, the annual progressive increase in bank loans ranged from 27.2 to 29.1 percent. This forcefully supported the province's economic construction.

Guo Hongqi, vice governor of the provincial government, stressed in his speech: This year, our province should take the control over inflation as the primary task for controlling the banking work, continue to carry out the policy on appropriately retrenching the currency, promote the shift of the banking system and the credit management model, improve the banking regulation and control means, supervise and manage the banking work on a risk-running basis, and improve the banking service quality.

To this end, he urged: In 1996, banking departments should conscientiously carry out the policy on appropriately retrenching the currency, promote a noticeable fall in goods prices, deepen the reform of the banking system, steadily develop various categories of banking organizations, and positively support and participate in the enterprise reform. Banks should strengthen management and vigorously upgrade the quality and efficiency of their assets.

**PRC: Over-Counter Stock Market Thriving in Wuhan**

**OW2201132496 Beijing XINHUA in English 0932 GMT 22 Jan 96**

[FBIS Transcribed Text] Wuhan, January 22 (XINHUA) — This capital of central China's Hubei Province is doing a thriving trade in over-the-counter securities.

In 1995 eight stocks were traded over the counter at the Wuhan Securities Trading Center, with turnover totalled 800 million yuan. Shares valued at seven or eight million yuan were changed hands each day, with a record daily turnover of more than 30 million yuan.

The index in the over-the-counter market shot from the initial 105 points to 192 by the end of 1995.

"Since we started the experimental over-the-counter market one year ago we have received warm response from public companies, securities firms and investors," said Xia Changyi, chief inspector of the Wuhan Securities Trading Center.

As many as 80,000 local residents, along with institutions and individuals from Hunan, Jiangxi, and Guangdong provinces and Shanghai, have participated in the trade. Companies from outside Hubei have applied to be traded on the over-the-counter market.

"We have a new trading channel here, and the recently installed modern facilities have streamlined trading," said an official with the Hubei Securities Company.

The eight public companies traded over the counter have been under pressure to improve their operations. "The average dividends of the eight companies have exceeded those for similar companies listed on the Shanghai and Shenzhen stock exchanges," said Xia.

Meanwhile northeast China's Liaoning Province and east China's Shandong Province are also trying over-the-counter trade.

The experiments open channels for the flow of property rights in companies which have not been listed on stock exchanges, promoting the establishment of public companies, and upgrading China's securities market, analysts pointed out.

"Over-the-counter trade, as part of the securities market, has much room to grow in China, as the country is expecting more public companies," said Xia.

## Foreign Trade & Investment

### PRC: Ministry Releases Figures on Technology Imports

OW2901162196 Beijing ZHONGGUO XINWEN SHE in English 1122 GMT 29 Jan 96

[FBIS Transcribed Text] Beijing, January 29 (CNS) — Statistics announced by the Ministry of Foreign Trade and Economic Co-operation a few days ago show that in 1995 China signed 3629 contracts involving US\$ 13.032 billion for the import of technology and equipment from foreign countries, an increase of 217.08 percent compared with 1994; as a proportion of the national total, imports increased from 3.5 percent in 1994 to 10 percent in 1995. For the export of technology, China signed 533 contracts involving US\$ 2.523 billion with foreign countries. The value of these contracts increased by 57.7 percent compared with 1994.

In 1995, technology import and export increased rapidly due to four principal reasons:

First, more vibrant State policies respecting the attraction of foreign capital diversified the sources of capital. In 1995, the State invested US\$ 14.3 billion to introduce technology, a year-on-year increase of US\$ 4.7 billion. The use of the foreign export credit fund for the development of large State projects increased significantly.

Secondly, China further reformed its administration over the import of technology and equipment. Government macroeconomic control was strengthened; the "Administrative Measures concerning the Import of Technology and Equipment" were implemented.

Thirdly, large State projects concerned with nuclear and thermal power, mass transit railways, and iron and steel increased both in terms of contractual value and in the introduction of foreign capital which reached a peak.

Fourthly, to support the export of mechanical and electrical products, the State set supportive policy concerning capital funding. According to statistics of the State Import and Export Bank, 18.4 percent of export credits arranged by the State in 1995 were used in supporting the export of complete sets of equipment, a year-on-year increased of 4.2 percentage points.

### \*PRC Diplomat in U.S. Views Bilateral Trade, Problems

96CE0092B Beijing GUOJI SHANGBAO in Chinese 20 Nov 95 p 1

[Article by Wang Tianming (3769 1131 2494), commercial minister-counselor at the Chinese Embassy in

Washington: "Economic Cooperation and Trade Mutually Beneficial"]

[FBIS Translated Text] As China's economic and trade reform deepens steadily and the country becomes even more open to the outside world, Sino-U.S. economic and trade exchanges have kept up their growth momentum. According to Chinese customs statistics, bilateral Sino-U.S. trade totaled \$35.43 billion in 1994, up 28 percent from 1993. Specifically, Chinese imports from the United States increased 30.8 percent, from \$10.68 billion in 1993 to \$13.97 billion a year later. The United States has retained its berth as China's third largest trading partner. Sino-U.S. trade has continued to grow briskly in 1995. According to Chinese customs statistics for January through August, bilateral trade amounted to \$25.3 billion, a gain of 22.3 percent from the 1994 period. Specifically, Chinese imports from the United States totaled \$9.5 billion, up 15.6 percent from the same period a year ago while Chinese exports to the United States rose 26.8 percent to \$15.8 billion. Bilateral trade for all 1995 is expected to break the \$40 billion mark. According to U.S. Customs figures, Sino-U.S. trade amounted to \$36.659 billion from January through August, up 19 percent from the same eight-month period in 1994. China has become America's sixth largest trading partner.

Sino-U.S. trade is highly complementary and the commodity mix is getting better and better. The share of electrical machinery products has been rising all the time even as traditional commodity trade increases steadily. According to U.S. statistics, Chinese exports to the United States in the following categories each exceeded \$1 billion in the first eight months of this year: electrical machinery products, footwear, toys, apparel, accessories, leather goods, furniture, and plastics products. China, for its part, has become a leading purchaser of American aircraft, electrical machinery products, cereals, chemical fertilizers, cotton, timber, chemicals, and petroleum equipment. In particular, China imported six times more cereals from the United States in this period than in the same months last year. The United States and China have become economic and trading partners, each playing a crucial role in the other's economic development in a way that is mutually beneficial.

The United States invested in 4,223 projects in China in 1994 and the amount of investments contracted was \$6.01 billion, of which \$2.49 billion were actually utilized. Between 1980 and late June 1995, there was a total of 17,784 projects in China funded with U.S. investments; the amount of investments contracted was \$23.59 billion and the amount actually utilized was \$8.87 billion, making the United States the third largest investor in China, be it a nation or region, behind only

Hong Kong and the Taiwan region. Specifically, between January and June 1995, U.S.-funded projects in China numbered 1,572, with a combined contracted investment of \$2.86 billion, of which \$1.097 billion were actually invested. U.S.-funded projects in China are distributed throughout the country's 20 plus provinces and municipalities and can be found in many industries and trades. Of the top 500 corporations in the United States, almost 100 have investments in China.

Through dialogue and consultation, China and the United States have solved a number of problems in their trade relations in recent years. In March they exchanged letters on the protection of intellectual property rights. The Chinese have done a lot of work in order to comply with the agreement. For instance, it has set up more than 30 local intellectual property rights [IPR] working conference offices throughout the nation, organized local IPR enforcement inspection teams, tightened the regulation of CD factories, and required all CD-ROM's to be stamped with an origin ID number (SID) starting 1 November. In addition, it has promulgated the necessary laws and regulations (eg., "Intellectual Property Rights Customs Protection Provisions" and the Sino-U.S. exchange of letters in March) and has cracked down hard in a number of big cases.

Turning to market access, the Chinese have honored its commitments in the memorandum in earnest by adjusting on schedule its import quota licensing management, easing the quantitative restrictions on imports, cutting import tariffs, and making them better understood. As for the access of U.S. farm products to the Chinese market and the related issue of China's animal and plant quarantine standards, a matter of great concern to the United States, the Chinese too have made an enormous effort and taken a string of measures. Based on the scientific research conducted jointly by experts from both countries, China has lifted the ban on the importation of apples and cherries from the State of Washington, two varieties of apples from Oregon and Idaho, and wheat from California. It has signed a protocol with the United States on the quarantine of hogs, horses, dogs, and animal genetic materials. Experience shows that only dialogue and consultations can lead to a consensus on issues in Sino-U.S. economic and trade relations in a fair manner over time. Any attempt to resolve a problem within an unrealistic time-frame by applying pressure is of no avail.

The United States, for its part, should honor its obligations under the IPR agreement by offering assistance and training to China's law-enforcement agencies and their personnel, helping the Chinese factories involved master the copyright identification code technology relating to laser discs, and firmly support China's applica-

tion for readmission to GATT as well as its application to join the World Trade Organization [WTO]. Negotiations to readmit China to GATT have been going on for nine years and all the objective conditions are now in place. The main reason why China still has not been readmitted is resistance from the United States. The United States should live up to the commitments made by U.S. Trade Representative Mickey Kantor in the eight-point agreement concluded last March and adopt a flexible and pragmatic attitude toward China's application to join the WTO. The relationship between China and the WTO is one of mutual need. The accession of China to GATT will both boost the cause of reform and openness in China and help spur global economic growth and strengthen the multilateral trading system.

The Sino-U.S. commerce and trade joint committee held its ninth meeting in Beijing on 18-19 October. Secretary of Commerce Ron Brown of the United States and Wu Yi [0702 0308], China's minister of foreign trade and economic cooperation, jointly presided over the conference, convened at this critical juncture on Sino-U.S. relations. With a view toward boosting bilateral trade, the two countries exchanged ideas on trade matters of interest to both sides, reviewed the work that had been done by all work groups and the progress made since the joint committee's last conference, and together mapped out a work plan for the future. To improve coordination between the joint committee's various areas of work and maintain day-to-day contact, the joint committee decided to set up a coordinating work group. In addition, it created a Sino-U.S. commercial development committee to enable the business communities and provinces or states of the two countries to participate more fully in economic cooperation within the framework of the joint committee. The idea was to both increase and diversify economic exchanges between China and the United States. The joint committee also signed work documents presented by the posts and telecommunications, environmental protection, and medicine and health groups. Besides enriching the content of cooperation and expanding its scope, the latest conference also turned out to be more pragmatic, more results-oriented than in the past. It will do much to promote bilateral trade and improve the entire spectrum of Sino-U.S. relations.

Preserving and improving the environment for Sino-U.S. economic and trade relations is a precondition for strengthening and developing such relations. That environment includes not only the trade environment but also the macro-climate of bilateral relations. Taiwan is a sensitive issue in Sino-U.S. relations. The Clinton Administration has severely damaged its relations with China by inviting Lee Teng-hui [2621 4098 6540] to visit the United States last June. The U.S. Govern-

ment should strictly abide by the fundamental principles enunciated in the three Sino-U.S. joint communiquees and take practical actions to prevent similar incidents in the future. There are still problems in bilateral economic and trade relations today that affect economic cooperation between the two countries. The most-favored-nation treatment is supposedly a mutually beneficial arrangement between two nations. Yet it comes under attack in the United States each and every year. The practice of annual review has undermined the confidence of the U.S. business community in investing in China and disrupted the smooth development of trade. Now is the time to bid farewell to that practice. The Chinese are very concerned about the rising number of anti-dumping cases brought against it. In handling such cases, the United States treats China's economy as a "non-market economy" and imposes a steep anti-dumping tax on Chinese products as if they were from a "substitute nation." Moreover, there is a good deal of arbitrariness in the choice of "substitute nations." What the United States is doing is not fair. The Chinese economy today is essentially a market economy and should be treated differently. Textile products are a major part of Sino-U.S. trade. Since the signing of the Sino-U.S. textile agreement in January last year, the United States has violated the terms of the accord repeatedly. There have been two instances in which the United States, acting unilaterally without fully consulting with China beforehand or producing sufficient evidence, cut quotas allocated to China by a total of 3.2 million dozen, causing China almost \$100 million in losses. China has demanded that Washington cancel the quota reductions and proposed that the two sides set up a joint investigating group to review the cases. So far it has not heard from the United States. Arguing that they have forged documents, the U.S. Customs since last June has included some Chinese enterprises in the "list of companies which have violated the rules of origin and participated in illegal entrepot trade in textiles" and sent them fine notices. The U.S. charges are unfounded. As we all know, the Chinese government has taken effective measures to crack down severely on illegal entrepot textile trade and the counterfeiting of documents for export purposes, measures which are really working. The U.S. Customs should stop acting frivolously.

The Chinese market has enormous potential but is also ferociously competitive. To compete and win on this market, U.S. corporations look to their government to extend credits on favorable terms. Thus there is so much the U.S. Export-Import Bank, the Trade Development Administration [TDA], which played a useful role in the past, and the U.S. Overseas Private Investment Corporation [OPIC] can do. Furthermore, the U.S. government should discontinue its discriminatory practices against

China, liberalize controls on high-tech exports, and increase such exports to China. We would like to see U.S. companies do even better on the competitive Chinese market.

The Chinese government has always valued Sino-U.S. relations highly and made endless efforts to improve and strengthen them. It is in the interest of both nations to develop their economic relations and trade steadily on a long-term basis. The U.S. and Chinese governments should work together to increase mutual trust and not make things difficult for each other. They should remove obstacles, further cooperation, improve relations, and create a sound and stable environment for furthering bilateral economic relations and trade. Since there are broad common interests between China and the United States, Sino-U.S. economic and trade cooperation has a bright future.

\*PRC: Rules on Foreign-Funded Commodity Inspection Firms

96CE0092A Beijing GUOJI SHANGBAO in Chinese  
12 Nov 95 p 3

[FBIS Translated Text] Regulations on the Examination and Approval of Establishment of Foreign-Funded Import-Export Commodity Inspection and Appraisal Companies

**Article 1.** These regulations have been formulated in accordance with provisions in the applicable state laws, rules, and regulations in order to improve the management of import-export commodity inspection, ensure the quality of commodity inspection, and promote foreign trade.

**Article 2.** For the purposes of these regulations, a foreign-funded import-export commodity inspection and appraisal company (hereafter known as foreign-funded inspection company for short) refers to a foreign-funded enterprise in the form of either a Sino-foreign joint venture or a cooperative venture which is hired by a consignee of imports, a consignor of exports, or a middleman to inspect, appraise, and verify the commodities in question as a third party on behalf of the consignee, consignor, or middleman concerned.

**Article 3.** Foreigners may set up import-export commodity inspection companies within the Chinese borders as Sino-foreign joint ventures or cooperative ventures. The establishment of wholly foreign-owned import-export commodity inspection companies is prohibited.

**Article 4.** If approved, a foreign-funded inspection company may engage in some or all of the following lines of business: inspecting, appraising, and verifying the quality, specifications, quantity, weight, packaging,

defects, value, and shipping technical requirements of import and export commodities.

**Article 5.** The Chinese investor in a foreign-funded inspection company shall be an enterprise approved or designated by the department in charge to engage in the inspection and appraisal of import and export commodities.

The foreign investor in a foreign-funded inspection company shall have more than three years' experience in inspecting, appraising, and verifying import and export commodities. It shall have the operational, managerial, professional, and technical personnel and equipment suited for the line of business it has applied to operate. It shall also have a steady clientele and a sound international reputation.

**Article 6.** The minimum registered capital of a foreign-funded inspection company shall be \$500,000. In addition to having a permanent site, it must satisfy the appropriate technological requirements and have the kind of professional personnel necessary for its line of operations.

**Article 7.** As a rule a foreign-funded inspection company shall not be in business for more than 30 years.

**Article 8.** The establishment of a foreign-funded inspection company shall be approved by the Ministry of Foreign Trade and Economic Cooperation [MOFTEC]. The eligibility and scope of operations of a foreign-funded inspection company shall be examined, approved, and regulated by the State Administration for the Inspection of Import and Export Commodities (hereafter known as SAIIEC for short).

**Article 9.** Procedures for setting up a foreign-funded inspection company:

1) The Chinese investor applies to the department in charge by submitting the necessary documents. Upon approval by the department in charge, the local department of foreign trade and economic cooperation shall discuss the case with the local import-export commodity inspection bureau and then forward it to MOFTEC along with its signed opinion. Where the Chinese investor is an enterprise directly under a State Council ministry, commission, or bureau, it shall submit its application to the department in charge. Upon the latter's approval, the case shall be forwarded to MOFTEC. After receiving the application, MOFTEC shall consult with the SAIIEC.

2) The SAIIEC shall examine and review the project proposal and feasibility studies report as well as the proposed company's technological capability, level of technology, technical equipment, and scope of opera-

tions. After establishing its eligibility, SAIIEC shall issue an "eligibility opinion on a foreign-funded inspection company."

3) MOFTEC shall review the documents submitted after obtaining the consent of SAIIEC. The successful applicant shall be issued a "foreign-funded enterprise certificate of approval."

4) Armed with the "certificate of approval" issued by MOFTEC and other necessary documents, the Chinese investor in the proposed company shall then register the company with the department of industry and commerce administration and obtain an operating license.

5) The foreign-funded inspection company shall apply to the SAIIEC for a "foreign-funded inspection company certificate of eligibility" by presenting its "foreign-funded enterprise certificate of approval," its operating license, and other necessary documents. Only then can it open for business.

**Article 10.** An applicant for permission to set up a foreign-funded inspection company shall submit the following documents to MOFTEC:

1) a signed opinion on the application from the local department of foreign trade and economic cooperation or from the appropriate State Council ministry, commission, or bureau;

2) written project proposal;

3) the feasibility studies report, contract, and articles of association signed by all parties in the joint or cooperative venture;

4) proof of the credentials of all investors, proof of registration (copy), and proof of legal representation (copy); and

5) other documents required by MOFTEC.

All above-mentioned documents must be official documents unless noted as copies. Where documents signed by a non-legal representative are presented, a letter of authorization from the legal representative is required.

**Article 11.** Where a foreign-funded inspection company proposes to open a branch, these regulations shall also apply.

**Article 12.** A foreign-funded inspection company shall apply anew should either one of the following occurs:

1) a change in partners;

2) a change in scope of operations.

**Article 13.** A foreign-funded inspection company already in business before these regulations are issued

shall apply to the SAIIEC for a foreign-funded inspection company certificate of eligibility by presenting its certificate of approval issued by MOFTEC or its authorized body within three months from the day these regulations are issued. Should it fail to do so within the specified time, it shall no longer be allowed to contract to do work relating to the inspection, appraisal, and verification of import and export commodities.

**Article 14.** A local department of foreign trade and economic cooperation shall obtain the consent of its local commodity inspection counterpart before it approves an application to set up a foreign-funded enterprise in the consulting business relating to the inspection, appraisal, and verification of import and export commodities. After the application is approved, a report shall be made to MOFTEC and SAIIEC for the record.

**Article 15.** These regulations shall go into effect on the day of issue.

**PRC: Committee To Approve Import-Export Inspectors**

*OW2601142896 Beijing XINHUA in English  
1415 GMT 26 Jan 96*

[FBIS Transcribed Text] Beijing, January 26 (XINHUA) — Establishment of a committee to approve import and export goods inspectors, as a means of improving foreign trade, was announced today.

The Laboratory Accreditation Committee on Import and Export Commodity Inspection of China (CCIBLAC) consists of representatives from ministries, laboratories, and experts in the business.

CCIBLAC's forerunner was the committee on import and export commodity inspection set up in 1989. CCIBLAC is responsible for registration, approving, and overseeing laboratories and their personal, both at home and abroad, who inspect goods for import and export.

Sun Zhenyu, vice minister of Foreign Trade and Economic Cooperation, said that during the past ten years or more, China's Import and Export Inspection Administration has approved nearly 900 laboratories from various parts of China, mostly along the coast.

He said that 70 of the laboratories have also gotten accreditation from the U.S., Germany, Japan, Italy, and other countries.

Cooperation among agencies in this field can reduce overlapping inspections of imports and exports, thereby facilitating international trade.

**PRC: Customs Official Outlines Planned Tariff Reforms**

*OW2901161796 Beijing ZHONGGUO XINWEN SHE in English 1145 GMT 29 Jan 96*

[FBIS Transcribed Text] Beijing, January 29 (CNS) — At a recent seminar on foreign tax policies in 1996, the deputy head of the Customs Duty Department of the General Administration of Customs (GAC), Zhou Guanshan, outlined China's customs duty reforms.

"At present, there are far too many tax reduction or exemption schemes in force in the various economic and hi-tech development zones, coastal cities and State-designated tourist spots amongst others. However, as not all schemes are uniformly adopted throughout the country and while some could be deemed unreasonable, the State's customs tariff scheme has been thrown into chaos. The present situation is therefore neither conducive to fair competition or healthy economic development."

"Average nominal customs tariffs on imported goods was 35.9 percent in 1994 but exemptions and reductions made the actual average 4.9 percent. Such revenue losses neither aid state owned enterprises nor the healthy development of the national economy."

Zhou continued: "The Chinese Government is very eager to gradually carry out customs duty reforms with the overall aim of abolishing tariff exemption and reduction schemes that are excessive, unfair and out of line with the market economy and international practices. At the same time, China will also lower current customs tariff rates to levels that are more reasonable and accord with the practice in developing countries while, at the same time, easing the burden on our domestic enterprises."

"What we are aiming at is a set of unified, reasonable and fair import tariff regulations that apply equally to domestic and foreign firms. For a number of sensitive items such as grain, wool and automobiles, we will set up quotas to control their import. Three actions are essential for China's economic development and alignment with the global economy."

**PRC: Foreign Tourism Increases in 1995**

*OW3001111496 Beijing XINHUA in English  
0901 GMT 30 Jan 96*

[FBIS Transcribed Text] Beijing, January 30 (XINHUA) — China ranked fifth in the number of tourists from overseas and ninth in foreign currency earnings in 1995, as against 6th and 10th, respectively for the previous year, according to the latest World Tourism Organization statistics.

A source from a national tourism meeting said that the country had 46.39 million overseas tourists last year, a 6.2 percent rise over 1994. Of that number, 8.03 million people came in tour groups, up 5.1 percent, and 5.89 million were visitors, up 13.6 percent.

China's tourism earnings stood at 8.7 billion US dollars in 1995, up 18.8 percent from a year earlier.

The country is expected to receive 47.5 million overseas tourists this year and to have earnings worth 9.5 billion US dollars, the source said.

#### **PRC: Official Outlines 5-Year Foreign Tourism Goals**

*OW2901141296 Beijing XINHUA in English  
1227 GMT 29 Jan 96*

[FBIS Transcribed Text] Beijing, January 29 (XINHUA) — In the coming five years China expects to receive 254 million to 257 million overseas tourists, which is 1.2 times the figure for the whole of the previous five years, Guangwei [name as received], director general of the China Tourism Administration, announced here today.

Among the projected figure, foreign tourists will amount to 35.7 million to 36.8 million — 1.59 to 1.64 times the figure of the previous five years, he told a national tourism meeting which opened here today.

Under the Ninth Five-Year Plan (1996-2000) China's foreign exchange earnings from tourism are projected at 58 billion US dollars, a rise of 211 percent over the 1991-1995 period.

Domestic tourists are estimated at 4.06 billion to 4.28 billion, up 184 to 194 percent compared to the previous five years.

The domestic tourism sector plans to earn 1,000 billion yuan to 1,050 billion yuan (about 126.5 billion US dollars), 269 to 283 percent more than in the previous five years.

In the year 2010 overseas tourist arrivals in China will reach 64 million to 71 million, as compared with the projected figures of 54.5 million and 55 million for 2000.

The number of foreign tourists will amount to 16 million to 20 million, as compared with 8.2 million to 8.6 million for 2000.

The foreign exchange earnings will amount to 38 billion to 43 billion US dollars in 2010, as against 14 billion US dollars in 2000.

An estimated two billion to 2.5 billion Chinese tourists will travel within the country in 2010, as compared with 950 million to 1.03 billion in 2000.

Earnings from domestic tourism are expected to reach 1,000 billion yuan to 1,050 billion yuan in 2010 from 250 billion to 260 billion yuan in 2000.

"The further opening-up of the country, the development momentum of domestic tourism and the increasing importance of East Asia and the Pacific region in world tourism are among the favorable factors to China's tourism industry", he pointed out.

#### **PRC: Progress in Campaign Against Counterfeit Goods**

*OW3001055296 Beijing RENMIN RIBAO in Chinese  
23 Jan 96 p 1*

[Report by Cai Wen (2593 2429): "Activities of Selling No Fake Commodities in 10,000 Stores of 100 Cities Are in Full Progress"]

[PTS Translated Text for FBIS] The activities of "selling no fake commodities in 10,000 stores of 100 cities" jointly organized by the CPC Central Propaganda Department and Ministry of Internal Trade have roused attention of various circles in society, with warm response. Since the activities were unfolded in mid-December last year, various localities have taken action one after another, some commercial units have already examined and weeded out various stocks on their own and removed questionable goods from the counter, while adopting all sorts of measures to guarantee the consumer can purchase "reliable goods." Presently, the activities have progressed from the initial stage to the stage of implementation.

Some large and medium-sized enterprises of 16 provinces and municipalities, including Hebei, Shanxi, Liaoning, Jilin, Heilongjiang, Shanghai, Jiangsu, Anhui, Fujian, Jiangxi, Henan, Hunan, Shaanxi, Gansu, and Qinghai jointly issued written proposals, letters of commitment, and open letters in response to the proposal of 30 large enterprises across China to take an active part in the activities of "selling no fake commodities in 10,000 stores of 100 cities." Shijiazhuang City, Pingdingshan City, Anhui, and Hunan separately organized collection of 100,000, and 10,000 signatures of consumers and entrepreneurs, to express their support and participation of the activities.

Some large and medium-size commercial enterprises have already begun to examine and weed out commodities on their own; some weeded out and rectified joint-operational counters, while conducting checking and registration anew; and others signed commodity quality-

guarantee letters at every tier to strengthen enterprises' internal control. Shaanxi and Qinghai organized examination groups headed by office directors to go down to some enterprises to conduct examination and checking. The Nanjing Central Shopping Arcade has substituted leased counters with special counters for particular brands of commodities. With the slogan, "Fight a protracted war to spread product reputation to reinvigorate state-owned enterprises," Hebei Huaxing Group ceremoniously presented new measures to make the customer "feel at ease in eight aspects, and be satisfied in eight aspects." The Shijiazhuang Lantian Shopping Building launched the activity of collecting 10,000 signatures to "block fake commodities and guarantee genuine products with all sincerity." The Tianjin Hualian Shopping Center worked hard on actual effect in "going your way in the crackdown on fake commodities and support of fine products." The Tianjin Department Store set out the slogan "be at ease and be satisfied shopping in this department store," and implemented three measures, namely: being scrupulous about every detail in conducting strict examination; being very strict with approving; using the experience of a selected unit to promote work in the entire area, carry out the work in depth step by step. Shandong Weifang Commercial Group General Company and the city administration of technology supervision jointly presented a new measure, "for the people, for their convenience and benefit," namely, supervise marketing activities through cracking down on fake commodities to protect genuine products, and sign on 1,800-plus social supervisors to conduct multi-directional supervision of all work in the shopping arcade; in addition, they invited inspectors from the city administration of technological supervision to examine and test some 20,000-plus commodities in six major categories, one by one, before issuing bronze plates for market supervision in the crackdown on fake commodities and protecting genuine products.

In the course of unfolding the activities, various localities paid attention to linking the activities of "selling no fake commodities in 10,000 stores of 100 cities to other related activities." For example, Liaoning has linked the activities to exemplary standardized service with focus on "devotion, creating excellence, and establishing image"; Fujian linked the activities to creating trustable stores that has already scored some results; linking to making arrangements for the market during the spring festival season, Shanghai has unfolded activities of "10,000 stores in Shanghai selling no faked commodities to welcome the spring festival with good-quality service," and is determined to do a good job of making arrangements for the market with good-quality commodities, good service, and fine enterprise image effectively in an orderly way to ensure the citizens enjoy

a happy, joyful, and carefree spring festival. The linking of these activities will make the contents of the activities of "selling no fake commodities in 10,000 stores of 100 cities" richer and more substantial.

**PRC: Commentator Backs Campaign Against Fake Goods**

*OW3001061596 Beijing RENMIN RIBAO in Chinese  
23 Jan 96 p 1*

[Commentator's Article: "There Should Be No Hiding Place for Fake Commodities"]

[PTS Translated Text for FBIS] Everywhere — east and west, north and south — in China is cracking down on fake commodities to welcome in the new spring with good-quality service. The activities of "selling no fake commodities in 10,000 stores of 100 cities" jointly organized by the Central Propaganda Department and Ministry of Internal Trade have unfolded in various localities. The activities have won the support of various circles in society, especially the attention of the broad consumers, with warm response. Commercial enterprises have taken actions one after another, and adopted various measures to protect consumer interests.

What accounts for the popularity of the current activities is that it is an issue of mass concern, and reflects mass demand. The flow of fake and inferior commodities into the market, and even in some state-owned commercial enterprises in recent years has given rise to mass complaints. The manufacturing and peddling of fake and inferior commodities has seriously injured consumer interests, and jeopardized the socialist economic order; hence, is a law-breaking, criminal activity. The party and government attach great importance to the crackdown on fake and inferior commodities; various localities and related departments have adopted a series of measures with marked results. In the current activities of "selling no fake commodities in 10,000 stores in 100 cities," social forces, especially commercial enterprises, have been mobilized to crack down on fake and inferior commodities; with the development in depth of the activities, it will eventually purify the market, and more effectively protect consumer interests.

Commercial enterprises are the channel for commodity marketing, and directly face the broad consumers. Commercial enterprises must start from themselves in augmenting the consciousness of cracking down on fake and inferior commodities, be strict with merchandise purchases, and allow fake commodities no place on the counters; if fake commodities are found they must be immediately removed from the counters, with access blocked to fake and inferior commodities. This way, fake and inferior commodities are deprived of a market,

and the activities in manufacturing fake commodities will be greatly reduced.

To unfold activities of "selling no fake commodities in 10,000 stores of 100 cities" also means to grasp the basic issue of commercial service, and is conducive to commercial enterprises further improving service quality. Selling no fake and inferior commodities is the least requirement on a store. Just imagine a luxuriously decorated store with first-rate service to the customer, but the commodities it sells are fake and inferior. Will this store attract a great number of customers? Selling fake, inferior commodities seriously damages the reputation of commercial enterprises, especially state-owned commerce. No matter on what grounds, selling fake commodities is illegal and forbidden. To unfold activities of "selling no fake commodities in 10,000 stores of 100 cities" will inevitably augment the sense of responsibility and pressure of commercial enterprises in differentiating and cracking down on fake commodities, and bring about a comprehensive improvement in the quality of service of commercial enterprises.

### Agriculture

#### PRC: Fodder Information Computer Network Goes On Line

*HK3001033496 Beijing NONGMIN RIBAO  
in Chinese 17 Dec 95 p 1*

[Report by Li Qingguo (2621 1987 0948): "Chinese Fodder Information Computer Network Put Through"]

[PTS Translated Text for FBIS] The Chinese Fodder Information Computer Network, CFINET, was put opened at a ceremony held in Beijing on 15 December. The network was jointly developed by China Fodder Industry Technology and Development Corporation, Livestock Research Institute of the Chinese Academy of Agricultural Sciences, and Beijing Fuerda [transliteration; 7079 1422 6671] Computer Technology Company. That CFINET has been put through shows that the country's fodder-related scientific, technological, and commercial information transmission has entered a new stage marked by computer network transmission, thereby making the country's fodder information resources available to more people and expediting spread of the country's fodder information.

CFINET is chiefly aimed at improving macroeconomic decisionmaking, strengthening microeconomic services, and providing fodder information to government departments, scientific research, teaching, and production units, and enterprises. CFINET is set to transmit the country's latest fodder and livestock research information, fodder-related commercial information, and

fodder-related policies and decrees. The clients can make full use of CFINET's network-based electronic postal service to communicate and discuss technical issues with each other and consult experts.

**PRC: U.S. Eager To Increase Farm Exports to PRC**  
*HK3001074496 Beijing CHINA DAILY in English  
30 Jan 96 p 5*

[By Wu Yunhe: "US Official Targets Chinese Market for Farm Produce"]

[PTS Transcribed Text for FBIS] A senior American agricultural official will arrive in Beijing today to lobby for greater access to the large potential Chinese market for US farm produce.

Dan Glickman, secretary of the US Agricultural Department, who heads a high-profile delegation, is expected to meet with Chinese ministers of agriculture, foreign trade and internal trade, and Vice-Premier Jiang Chunyun.

The two-day talks between Glickman and Chinese ministers will focus on bilateral trade of agricultural products, a sensitive area of the two countries' economic relations, said officials with the Ministry of Agriculture.

Experts believe greater trade co-operation between the two countries could further China's bid for membership in the World Trade Organization.

Although any result of the expected Sino-US meetings is still uncertain, seeking co-operative possibilities on quarantine requirements for US wheat exports to China are expected to be the core issue for both sides.

Chinese officials said if US scientists have found an effective way to kill TCK (Tilletia Controversa Kuhu) disease China would be willing to import well-disinfected wheat grown in TCK-epidemic areas in the US.

TCK, not yet found in China, is considered dangerous, because it can possibly spread to local seeds, Chinese officials said.

Sources said Glickman will also discuss the possibility of marketing American tobacco, grapes, oranges and plums in China.

Likewise, the Chinese side expects a breakthrough in its negotiations with American quarantine and agricultural officials on the export of Hebei Yali and Xinjiang Xiangli pears, Chinese oranges and potted plants, to the US market.

The American Government attaches great importance to the export of agricultural produce, which represents

between 30 to 50 per cent of total income for more than 2.1 million US farming households.

Last year, China imported more than 9 million tons of cereals from the US, accounting for 65 per cent of its total grain imports from abroad in 1995.

It also bought \$4.3 million worth of apples grown in Washington State last year.

Under an agreement signed in April last year, Chinese quarantine officials have also begun co-operating with the US on allowing cherry imports from Washington.

China signed agreements with the United States in 1995 on intellectual property rights protection and bilateral co-operation on animal and plant quarantine for the trade of fruit and tobacco.

The plant quarantine agreements not only make it possible for the United States to sell cherries from Washington, one of the largest cherry-producing states, to China, but also indicate China's positive attitudes towards US apple exports, officials said.

China will consent to imports of apples produced in Washington, Idaho and Oregon if the quarantine requirements stated in the agreements can be fully met, they said. China is also co-operating with the United States on technical problems involved with inspection for the disease blue mold on the US tobacco to be sold in China.

#### PRC: Singapore, U.S. Firms To Help Cotton Farmers

OW0501132296 Beijing XINHUA in English  
1307 GMT 5 Jan 96

[FBIS Transcribed Text] Singapore, January 5 (XINHUA) — A Singapore consortium has teamed up with a U.S. biotechnology firm to help Chinese cotton farmers fighting against insect infestation, which has been the cause of poor harvests, the partners announced here today.

The partnership aims to help the farmers through the latest seed-processing techniques, they said at a press briefing organized by the Economic Development Board of Singapore.

AgroGen Private (PTE) Ltd of Singapore and D&M International of the United States will form a 25-million-U.S.-dollar venture to invest in China.

AgroGen will hold 20 percent and D&M 80 percent of the Singapore-based partnership company, named D and PL China Pte Ltd.

The joint venture will produce and market cotton-planting seeds in China through the supply of seed

processing and genetic engineering technologies in cotton-growing Chinese provinces such as Shandong, Henan and Hebei.

The introduction of improved cotton seed would help Chinese farmers whose cotton crops have in recent years suffered insect infestation that has been blamed for declining yields, they said.

#### PRC: Fujian Boosts Agriculture Capital Projects

OW1801092496 Beijing XINHUA in English  
0846 GMT 18 Jan 96

[FBIS Transcribed Text] Fuzhou, January 18 (XINHUA) — In a nationwide drive to boost agriculture, southeast China's Fujian Province is cashing in on the winter, a slack season in farming, to develop farmland capital construction.

The province has invested over 1.1 billion yuan (about 133 million US dollars) in the construction of irrigation and water conservancy projects and excavated 86 million cu m of earth and stone since last September.

The provincial government placed emphasis on consolidating sea dykes, repairing damaged water-control projects and ameliorating low-yield farmland.

In the past months, millions of people have consolidated 718 km of sea dykes and river dams and more than 300 reservoirs, built cofferdams protecting 200,000 mu of farmland (about 13,000 ha), improved 418,000 mu (about 28,000 ha) of low-yield farmland, and prevented 148 sq km of land from soil erosion.

In 1995, the province scored an overall agricultural growth, with total value of rural output climbing nearly 38 percent, according to statistics.

#### PRC: Hebei Boosts Agriculture in Arid Mountain Areas

OW2901104396 Beijing XINHUA in English  
0921 GMT 29 Jan 96

[FBIS Transcribed Text] Shijiazhuang, January 29 (XINHUA) — Agriculture in mountainous areas has seen a rapid growth in north China's Hebei Province, thanks to years of strenuous efforts to transform arid lands.

During the past decade, the provincial government has transformed some 750,000 hectares of land in barren hills. Amid the campaign, some 82,000 hectares of terraced fields and 113,000 hectares of orchards have been developed.

Mountainous areas constitute about half of the province's total. More than 24 million people, about 38

percent of the province's population, inhabit in those areas.

In order to accelerate the development of its mountainous regions, the province has stipulated a series of preferential policies granting more rights to those engaged in the development.

Moreover, some scientific research bodies and personnel were organized to conduct research work and introduce technology there.

Years of efforts have yielded fruitful results, with abundant resources in the mountains having got fully developed. The coverage rate of forests has increased to 10 percent in the province and ecological environment improved.

The farmers' annual per-capita income has been boosted to 647 yuan in 1995 from 91 yuan in 1980.

**PRC: Dalian Grain Market To Expand With World Bank Loans**

*OW1801121996 Beijing ZHONGGUO XINWEN SHE in English 1140 GMT 16 Jan 96*

[FBIS Transcribed Text] Dalian, January 18 (CNS) — According to the city's Grain Department, Dalian will become the largest commercial grain market in the mainland.

This aim will be achieved in two ways. First, World Bank loans will be used to construct a northeast grain circulation corridor and other grain transfer facilities for the Beiliang Company Limited of Dalian. This is the largest construction project of its type using World Bank loans. The corridor will be in the west of Dalian Economic and Technological Region and will involve a investment of RMB [Renminbi] 2.19 billion (U.S.\$ 263.212 million), of which U.S.\$110 million will be supplied by World Bank.

The project will include the construction of a 80,000 tonne berth for imported wheat, a similar facility for exports of maize, a further 10,000 tonne berth for maize exports, a warehouse and a special railway line.

The second is to construct a grain commodity market in Dalian. A wholesale market for the transaction of long-term grain contracts will be set up and will be gradually developed as a futures market. World Bank loans will be primarily used in purchasing computers and electronic telecommunications equipment, and the provision of training and technical assistance.

**PRC: Liaoning Self-Sufficient in Foodstuffs**

*OW2601081796 Beijing XINHUA in English 0624 GMT 26 Jan 96*

[FBIS Transcribed Text] Shenyang, January 26 (XINHUA) — Northeast China's Liaoning Province has invested 800 million yuan in improving 7.2 million ha of low-yielding land since 1988, making it self-sufficient in agricultural products.

As a major industrial province, Liaoning has a large urban population and has traditionally relied on other parts of China to supply it with grain and non-staple foodstuffs.

To boost agricultural production the province set aside a large sum of money for the development of the Liaohe River Delta, Liaohe River Plain and the eastern and western parts of the province. The effort has turned these areas into important producers of grain, fruit, meat and aquatic foodstuffs.

About 70 percent of the funds has been spent on grain production, pushing Liaoning's per unit grain output to the second-highest in China.

Now excellent irrigation facilities are seen along the Liaohe River Delta, and the arid land in the province's Chaoyang Prefecture has been turned into high-yielding farmland. Three major vegetable-production zones are taking shape along the Shenyang-Dalian Expressway.

According to official statistics, comprehensive agricultural development has brought about 700 million yuan in added value and local farmers now earn an average of 300 yuan more each year.

### East Region

**PRC: Anhui Officials Interviewed on Development**  
*OW3001014896 Beijing BEIJING REVIEW in English*  
*No 5, 29 Jan-4 Feb 96 pp 16-17*

[Interview with Anhui provincial party committee First Secretary Lu Rongjing and Governor Hui Liangyu by staff reporter Li Rongxia: "Advances to World Market"]

[FBIS Transcribed Text] *Not long ago, before Lu Rongjing, secretary of the Anhui provincial Party committee left for visits to the United States and Canada, and Hui Liangyu, provincial governor, left for a visit to Germany, this reporter traveled to Anhui to talk with these two provincial leaders, who spoke of Anhui's future development.*

[Lu Rongjing] We are full of confidence in our future development, because we not only have rich natural resources (mineral, tourism and agricultural resources, and developed science and technology), but also face a unique historical opportunity. First, the country's development and opening strategy is advancing from coastal to riparian areas. This momentum will further promote the gradual shift of funds and technology from overseas and coastal regions to inland. With its advantages of proximity to rivers and seas and linking east with west, and its abundant resources and vast markets, Anhui will become one of the regions with an array of concentrated industries. Second, the state has decided, beginning from the Ninth Five-Year Plan period, to reduce the development gap between the eastern region and the central and western regions. Because Anhui is located at the juncture of these three regions, implementation of major state policies and measures will bring a new opportunity for the province. Third, the deepening of the state macro-economic reform and the priority given to basic industries will facilitate the development of Anhui's resources, especially the advancement of agriculture and basic, heavy and chemical industries. Fourth, because the largest marshalling station of the Beijing-Kowloon Railway is in Puyang, construction of the railway and the Eurasian Continental Bridge will play positive roles in accelerating Anhui's development, particularly the rejuvenation of north Anhui.

[Hui Liangyu] Anhui must expand further to the outside world if it wants to make historic strides forward. Experience has shown that a province or autonomous region which opens wide enjoys rapid development and high-quality economic operation. A closed-door policy can only lead to the protection of backwardness. We must comprehensively expedite opening by enhancing our understanding and stepping up our efforts. At present, Anhui has established the state-level Hefei High-Tech In-

dustrial Development Zone and the Wuhu Economic and Technological Development Zone, as well as 12 provincial-level economic and technological development zones, forming a multi-level, multi-channel and multi-sphere pattern of opening to the outside world.

Anhui has established sister-city ties with 22 cities in 11 countries, including Canada, Denmark, France, Germany, Italy, Japan and the United States, and economic and trade relations with more than 130 countries and regions. By the end of October 1995, the provincial authorities had approved 3,041 foreign-funded enterprises (joint ventures, solely foreign-owned and cooperative enterprises), with U.S.\$860 million of foreign investment actually in place. To step up opening efforts, in 1995 Anhui sponsored four large investment-soliciting activities in Xiamen, Hong Kong and Shanghai

In the past, Anhui's markets were opened mostly to Hong Kong, Macao and Southeast Asia. At present, it should not only consolidate these markets, but also diversify the economy, further expand its markets in the United States and Canada, and widen the European market. The 26-entrepreneur delegation headed by Secretary Lu, which is going to visit the United States and Canada, will not only bring with them 30 projects for which contracts could basically be signed, but also 40 more projects to be announced for attracting cooperative partners. These 40 projects mainly center on energy, communications, processing industries and agriculture. I will also bring some project prospectuses with me on my visit to Germany. That the development of a region must break through regional and international barriers reflects the need for Anhui to enter the world market so that the world market will, in turn, respond to Anhui's export-oriented strategy.

[Lu Rongjing] The next 15 years will be an important period for carrying on China's socialist modernization drive into the future, as well as a crucial period for Anhui's economic and social development. First, it is a critical period during which we will maintain the favorable momentum of development that emerged during the Eighth Five-Year Plan period and forge ahead into the future. The Eighth Five-Year Plan witnessed the fastest economic development in Anhui's history. It is estimated that the annual growth of the province's gross national product (GNP) averaged 14.1 percent, 3 percentage points higher than the national rate, and the average annual growth rate of financial revenue was 20.6 percent, 8.6 percentage points higher than the national average. It is estimated that in 1995, the average per-capita net income of farmers in the province was 1,250 yuan, and the per-capita income of urban residents was 3,400 yuan, respective increases of 5.3 percent and

7.4 percent, when allowing for inflation, making the year one with the greatest growth rates in history of urban and rural personal incomes. The Eighth Five-Year Plan witnessed the most remarkable overall growth. In 1995, the province's GNP is expected to reach 200 billion yuan, and financial income 13.5 billion yuan, an all-time high. Therefore, we should particularly value these achievements, continue to forge ahead and maintain the momentum of rapid development recorded during the Eighth Five-Year Plan period.

Second, the next 15 years will be a crucial period wherein we will catch up and surpass the national level in terms of per-capita GNP and reduce the gap between Anhui and advanced regions. Anhui's population accounts for about 5 percent of the national total, but its GNP is only 3.4 percent of the national total. In 1994 Anhui's indices, such as per-capita GNP, per-capita financial income, per-capita net income of farmers, urban residents' income on cost of living and per-capita savings deposits of urban and rural residents were all lower than the average national level. To catch up with and surpass advanced regions, we must work more painstakingly than others. We must carefully develop good policies and strive to catch up with the national level of per-capita GNP in five years and surpass the per-capita national level in another 10 years, so as to realize our goal of a historic leap in economic and social development.

**Hui Liangyu:** To achieve the province's goal of catching up with and surpassing advanced regions, we will, taking economic construction as the central task, adhere to the guiding thought for big development, marked improvement and wide opening, strengthen measures for catching up with and surpassing advanced areas, increase total economic volume, enhance economic strength, and raise per-capita income levels. To this end, we must implement the following three major strategies: relying on science and education to rejuvenating Anhui, opening further to the outside world and achieving sustainable development. [sentence as published]

The strategy for rejuvenating Anhui by relying on science and education means combining science, technology and education more closely with the economy. While improving the competence of laborers, we should rely mainly on scientific and technological progress to improve the overall quality of the national economy and the quality of economic operation to bring about faster and better economic development and all-round social progress.

The strategy for promoting Anhui's advance by opening to the outside world means extensively opening the province to both international and domestic markets,

making full use of both international and domestic resources and expediting Anhui's modernization drive.

The strategy for sustainable development means suit-ing population growth to economic development; coor-dinating economic construction with the resources environment; getting material development, and cultural and ethical progress to promote each other and effec-tively strengthening the development potential. Through implementation of these three major strategies, we will strive for high speed and efficiency, so as to achieve both quantitative expansion and qualitative improve-ment in Anhui's economy, thereby ensuring the unity of speed, quality and efficiency.

#### PRC: Fujian Party Secretary Views New Year Tasks

OW2201122896 Fuzhou FUJIAN RIBAO in Chinese  
1 Jan 96 p 1

[FUJIAN RIBAO's year-end interview with Fujian Party Secretary Jia Qinglin: "A Good Beginning in New Year and a Good Start for the Ninth Five-Year Plan."]

[FBIS Translated Excerpt] The last page of the 1995 calendar had been turned and people in the province are presented with the Ninth Five-Year Plan that leads up to the new century.

On the afternoon of 31 December 1995, provincial CPC committee secretary Qia Qinglin gave an interview to this paper's reporter at the Fuzhou Hot Spring Hotel. [passage omitted]

When asked about opening a good era and making a good start for the province's work in 1996, Qia Qinglin called for mental emancipation and for rising up with force and spirit to open up a good era and to make a good start. He said the provincial CPC committee has been stressing this lately. The great achievements that Fujian has scored during the Eighth Five-Year Plan were the result of constant mental-emancipation and of rising up with force and spirit. In a certain sense, economic development is decided by the degree of mind emancipation. Without a mental state constantly striving for improvement, there will be no vitality for all work and there will not be brisk development for all undertakings. Faced with new situations, tasks, and difficulties in the Ninth Five-Year Plan period, one should never be passive, be afraid of difficulties, adopt a do-nothing attitude, be content with status quo, let alone only seeking pleasure. [passage omitted]

Concerning the 1996 economic work, Jia Qinglin partic-ularly stressed the need to realize the "two fundamental shifts" so as to bring about a good phase and a good beginning in 1996. The key for realizing the targets set

during the Ninth Five-Year Plan period and beyond is to bring about a shift of the economic system from the traditional planned economy to a socialist economy and to shift the economic growth mode from extensive to intensive. [passage omitted] Jia Qinglin stressed that an arduous process will affect the two fundamental shifts. [passage omitted] Noting 1996 is the year to begin efforts to affect these two fundamental shifts, Jia Qinglin pointed out the need to implement decisions and arrangements made by the CPC Central Committee and the State Council on reform and development. He also pointed out the need to implement the proposals set forth at the provincial party congress of relying on science and technology to invigorate the province, of optimizing structure, of supporting pillar industrial sectors, of engaging in economies of scale, and of upgrading the technological level. [passage omitted]

Qia Qinglin said that since 1996 is the year that connects the Eighth Five-Year Plan and the Ninth Five-Year Plan, localities are required to do some things that will boost the spirit of the people. To that end, localities are called upon to select projects and to adopt measures that will kick off the first year of the Ninth Five-Year Plan, in addition to formulating the Ninth Five-Year Plan and to setting the long-term target for 2010. [passage omitted]

In conclusion, he called for great promotion of party building, carrying out an in-depth anti-corruption struggle, enhancing the comprehensive management of the social order, doing our best to maintain social stability, and creating a good social environment for fulfilling various economic construction tasks. He urged the people in the province to work with a singular heart and mind to help open a new era, to work in a down-to-earth manner to make a good start, and to win new victories in the new year.

#### **PRC: Jiangsu CPC Plenum Examines Five-Year Plan**

OW0501094896 Nanjing XINHUA RIBAO in Chinese  
19 Dec 95 p 1

[Unattributed article: "Third (Enlarged) Plenary Session of the Ninth Jiangsu Provincial CPC Committee Opens in Nanjing"]

[FBIS Translated Excerpt] The Third (Enlarged) Plenary Session of the Ninth Jiangsu Provincial CPC Committee opened in Nanjing yesterday. The session's agenda includes: studying in-depth the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee, examining the draft "Proposal of the Jiangsu Provincial CPC Committee for Formulating the Ninth Five-Year Plan for Economic and Social Development and the Long-Term Target for the Year 2010," and working

out specific plans for implementing the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee.

Members of the Provincial CPC Committee Standing Committee, including Chen Huanyou, Zheng Silin, Cao Keming, Gu Hao, Xu Zhonglin, Zheng Bingqing, Yu Xingde, Wang Xialin, Yang Xiaotang, and Liang Boahua, were seated on the rostrum yesterday.

Secretary Chen Huanyou presided over yesterday's full session. [passage omitted]

On behalf of the provincial CPC Committee Standing Committee, Zheng Silin, deputy secretary and governor, gave an explanation of the proposal for formulating the ninth five-year plan for economic and social development and the long-term target for the year 2010. [passage omitted]

He pointed out: The fact that most parts of our province have accomplished the goal of a comfortable standard of living represents a hallmark that Jiangsu's socialist modernization has passed a key phase. Our goal for the coming 15 years is to achieve a comfortable living across the board and, on the basis of this, accomplish by and large the modernization drive. It will be a new phase of Jiangsu's modernization drive. The main targets for the ninth five-year plan period and for the period upto 2010 are as follows: The GNP will increase at an average annual rate of 12 percent up to the year 2000 and the goal of increasing per-capita GNP by 16 times [fan san fan 5064 0005 5064] will be accomplished. Comfortable living will be achieved all over the province and some areas will initially accomplish the modernization drive. On the basis of achieving across the board the second-step objectives of the modernization drive, the province will accomplish modernization all over the province after another 10 years of hard work. [passage omitted]

#### **\*PRC: Jiangxi Official Discusses Entrepreneurs**

96CM0107A Nanchang JIANGXI RIBAO in Chinese  
8 Nov 95 p 1

[Article by Huang Ying (7806 4481): "Create Environment To Nurture Entrepreneurship"]

[FBIS Translated Text] The creation of a socialist market economy requires the development of a corps of professional entrepreneurs. On 6-7 November the Organization Department and Propaganda Department under the Jiangxi Provincial CPC Committee, the provincial Economic and Trade Commission, the Jiangxi Economics Society, the Jiangxi Institute for Economic Management, and the publishing office of JIANGXI RIBAO

jointly organized a seminar in Nanchang on the subject of developing a corps of professional entrepreneurs. The seminar was attended by over 200 people from the province's industrial community, academic circles, and organizations directly under the province. Also in attendance were Shu Shengyou [5289 5110 0147], a deputy secretary of the Jiangxi CPC Committee and acting governor; Shu Huiguo [5289 1920 0948], also a deputy party secretary; and Vice Governor Zhu Yingpei [2612 5391 1014]. Shu Shengyou also addressed the gathering.

Building up a corps of entrepreneurs, Shu Shengyou said, is a most important task facing the province now and has major implications. These days the province is hard at work putting into effect the spirit of the 5th Plenum of the 14th CPC Central Committee and the 2d meeting of the 10th Jiangxi Provincial CPC Committee. Building up the entrepreneurial ranks should be a leading part of that mission. He said, "We must enhance our understanding of the importance and urgency of building up the entrepreneurial ranks from a strategic high plane. We must realize that without a new generation of entrepreneurs, we cannot seriously put together a modern enterprise system and invigorating state enterprises will be mere idle words. Without a new generation of entrepreneurs, the strategy of 'vitalizing Jiangxi with science and technology' cannot materialize and the province's push for industrialization will not be brought to fruition. Many problems need to be resolved if a modern enterprise system is to be created, but none is more important or urgent than developing a corps of professional socialist entrepreneurs."

Today, Shu Shengyou emphasized, Jiangxi has a rare opportunity for economic development. But before it can take advantage of the opportunity, it must tackle the shortage of qualified personnel. In the final analysis, the competition in the 21st century is a struggle for qualified personnel. Behind the latter is a race for personnel development and training. It takes many entrepreneurs of the new variety to create a socialist market economy and make it part of the global economic system. These entrepreneurs must boast sound political qualities as well as a solid knowledge of the market economy. They must be good at decisionmaking and running a business. They must be familiar with the domestic and international markets and capable of steering large enterprises and enterprise groups amid domestic and international competition. Unlike equipment, technology, and management techniques, qualified personnel cannot be imported from abroad en masse but have to be homegrown by and large. We must redouble our effort to make human resources development a success, including the buildup of a mighty corps of socialist entre-

preneurs. For starters, ideologically a consensus must be achieved on the need to build up a mighty corps of socialist entrepreneurs. Second, a good entrepreneurship development plan needs to be drawn up. Third, leadership over the execution of such a plan must be strengthened. Fourth, investment in entrepreneurship development must be increased. Fifth, the construction of entrepreneur training bases must be accelerated.

Entrepreneurs, experts, and scholars at the seminar focused their discussions on the importance, necessity, and urgency of boosting the ranks of professional entrepreneurs, the knowledge and skills such entrepreneurs must possess, and methods of accelerating the entrepreneur development process.

The participants also discussed the training plan, which calls for the development in the remaining five years of this century of 50 board chairmen and general managers for large enterprises and enterprise groups, 500 entrepreneurs who can take us into the next century, 1,000 senior enterprise managers as well as a sizeable entrepreneurial reserve, and 1,000 entrepreneurs to run export-oriented township and town enterprises.

#### \*Commentary on Creating Mighty Corps of Entrepreneurs

96CM0107B Nanchang JIANGXI RIBAO in Chinese  
8 Nov 95 p 1

#### [Commentary on Entrepreneurship Development]

[FBIS Translated Text] It takes a herculean effort by every quarter to translate the magnificent inter-century plan into reality. An urgent task facing us today is to train and nurture a corps of entrepreneurs of a higher caliber.

Since reform got under way and the open policy was introduced, there has emerged in the province a host of innovative factory directors and managers who dare to think and get things done. By grasping the opportunity to break new ground and experiment boldly, they have pulled off one exciting success story after another in the push for reform and openness in the province. In the process they have become captains of market competition, as influential as they are competent. Not only have they transformed the look of all enterprises and invigorated them, but they have also made outstanding contributions to the deepening of reform, economic development, and social stability throughout the province. However, because the province is still at a lower rung of the economic development ladder, few among these factory directors and managers can really be considered entrepreneurs. Even rarer are those who have achieved the beginnings of global

prominence. At a time when the province has a golden opportunity to develop its economy, it becomes more imperative and urgent to train and nurture a corps of entrepreneurs.

The key to fulfilling the Ninth Five-Year Plan and realizing the objectives of struggle by the year 2010 is to bring about two changes: from the traditional planned economy to a socialist market economy and from extensive economic growth to intensive economic growth. These are fundamental shifts that impact the entire economy. One requires the overhaul of production relations; the other requires us to figure out how to develop productive forces. These two changes interact with and boost each other. We need plenty of innovation-minded entrepreneurs who have both sound political qualities and a knowledge of the market economy and who are good decisionmakers with extraordinary courage and resourcefulness and an aptitude for management to blaze the trail, assume heavy responsibilities, and lead the rank-and-file workers to explore and break new ground. Time and again practice proves to us that entrepreneurs play an unmistakable leading role in driving enterprise reform and development. Training a mighty corps of entrepreneurs is the cornerstone for deepening internal enterprise reform and putting enterprise management on a sound footing. Without a large number of entrepreneurs, accelerating enterprise development would be mere idle talk and new breakthroughs in economic construction would be hard to come by.

To amplify the entrepreneurial ranks, we must first and foremost create a social environment conducive to the emergence of entrepreneurs. The last five years of this century are a critical period in the maturation of entrepreneurs. We must further liberate our thinking, adjust our values, and guide the public both intellectually and practically to come to recognize entrepreneurs as experts and enterprise management as a specialty, a science, and a noble vocation to which one can devote one's entire life. The purpose is to attract even more outstanding qualified personnel to join enterprises and devote themselves to them with the right reform measures and proper social opinion.

Developing and nurturing a mighty entrepreneurial corps is a piece of systems engineering. Leadership must be strengthened, planning must be properly carried out, investments must be increased, and a joint effort must be mounted. At the same time, we must take pains to offer incentives and establish a disciplinary mechanism, give entrepreneurs plenty of room to put their skills to use, and introduce the competitive mechanism. Moreover, we must not look for just one particular kind of people when we select qualified personnel; instead we should

develop a scientific evaluation, ranking, appointment, and management system for entrepreneurs.

The next 15 years present an excellent opportunity for the emergence of entrepreneurs in great numbers as all the conditions are in place. All comrades determined to become outstanding entrepreneurs must redouble their effort to take advantage of this golden opportunity. They should assiduously study Comrade Deng Xiaoping's theory on building socialism with distinct Chinese characteristics and the basic line, take the party's long-range goals and serving the people as their purposes, acquire a correct world outlook, value system, and philosophy of life, and reinforce their work ethic and sense of historic responsibility so that they would not let power go to their heads, become arrogant on account of their achievements, flinch from difficulty, lose heart because of setbacks, or blame others for their own errors. They must earnestly master the socialist market economy and acquire professional knowledge, improve their caliber, sharpen their skills, and develop the courage and the expertise to push ahead amid competition and despite obstacles and come out on top.

The vitalization of Jiangxi depends on large numbers of entrepreneurs but is also their incubator. Comrades, work hard!

#### PRC: Shanghai Exceeds 1995 Customs Intake Target

OW0501144096 Beijing XINHUA in English  
1436 GMT 5 Jan 96

[FBIS Transcribed Text] Shanghai, January 5 (XINHUA) — Shanghai Customs officials hit their annual target in customs duties one month in advance, setting a new record.

Annual income from revenues totalled 15.348 billion yuan in 1995, up 17.9 percent over 1994. Revenues from duties amounted to 6.43 billion yuan last year, up 7.5 percent over the previous year, while value-added revenues of import regulatory duties chalked up 8.918 billion yuan, up 14.3 percent.

This indicates that the annual goal has been overshot by 8.1 percent.

Shanghai is China's leading industrial and commercial centre, but is now a pioneer in customs revenues as well.

#### PRC: Shanghai Recruits Overseas Chinese Students

OW0601081196 Beijing XINHUA in English  
0658 GMT 6 Jan 96

[FBIS Transcribed Text] Shanghai, January 6 (XINHUA) — Shanghai has developed preferential policies

to encourage overseas Chinese students to return to set up companies.

Shanghai's economy has seen rapid growth during the period of the reforms and opening-up, and since 1992, more than 250 students have returned home to set up companies after completing advanced studies abroad.

Peng Kunfan, who got a doctor's degree in Japan, came back to Shanghai in 1995. She set up a company here last June to introduce technology from Japan for plant research, and has had good economic results.

According to statistics from the Shanghai Service Center for Returning Chinese Students, the number of overseas Chinese students who settled in Shanghai was 3.6 times in 1994 what it was in 1992, and 49 percent greater in the first six months of 1995 than during the same period in 1994.

Some of these students now are in charge of major scientific research projects, while others have set up companies to attract foreign investment or to promote international exchanges.

Shanghai has held many activities in cities worldwide, including London, Paris, and Bonn, to attract overseas Chinese students. Some 419 out of the 712 students who attended the meetings in these places have expressed a desire to return home to work.

Out of the 175 who have decided to settle in Shanghai, those with doctor's degrees account for 46.6 percent.

#### **PRC: Shanghai Seeks Foreign Experts for Development**

*OW2001140396 Beijing XINHUA in English  
1354 GMT 20 Jan 96*

[FBIS Transcribed Text] Shanghai, January 20 (XINHUA) — Shanghai plans to impose no personal income taxes on foreign experts in the fields of hi-tech, modern agriculture, education, management of modern enterprises, among others who will work for the city.

This is part of a series of favorable policies for this biggest economic center in China to attract foreign experts in order to build it into an international economic, financial and trade center by 2020, said officials with the Shanghai Foreign Experts Bureau.

The coming 15 years will be a prime time for the city to introduce foreign think tank, it said.

The city has invited over 16,000 foreign experts for boosting its modernization drive over the past three years, according to the bureau.

The bureau has established links with over 20 overseas counterparts thus far. Experts on education, technology

and management are scattered in colleges, government institutions or firms.

Since 1989 consultative conferences for mayors have been held each year for taking overseas experts' advice on civil construction, traffic management, financial reform and the establishment of modern enterprises system.

Design for the construction of the central district of the Pudong New Area here has absorbed ideas of experts from offices of Italy's Fuksas, Britain's Rogers, Japan's Ito and France's Perrault.

Control of the sewage discharged into the Suzhou River in the city has also got help from Australian, Danish, American experts.

The Baoshan Iron and Steel Group, the Shanghai Auto Industry Corporation and other major enterprises, which have been contributing large part of their profits to the city and the state, have benefited from foreign intelligence in solving technical problems, enhancing management and exploring the market.

#### **PRC: Shanghai Population Drops for 3d Year**

*OW2901035296 Beijing XINHUA in English  
0343 GMT 29 Jan 96*

[FBIS Transcribed Text] Shanghai, January 29 (XINHUA) — The population of Shanghai, China's biggest city, has seen a negative increase for the third consecutive year, according to a report released by the municipal statistics bureau.

The number of Shanghai residents born in 1995 is slightly less than the previous year's figure of 76,300, while the number of people who died in 1995 increased by a little more than 1994's 94,200.

The first time the metropolis began to see a negative increase in its population was in 1993.

The negative rates for the past three years were -0.8 per thousand, -1.4 per thousand, and -1.5 per thousand.

If there are no great changes in China's child policy, experts predict that the negative trend will continue for quite a long time to come.

Officials believe the negative increase is a result of the one-child policy pursued by the metropolis for the past several years, and is beneficial to Shanghai's economic, social, and cultural development, but that it brings with it new social problems, such as the aging of the population.

By the end of 1995, Shanghai had a population of 13.04 million, a rise of 60,000 over the previous year's figure, most of the increase coming from immigrants.

**PRC: Shandong Reports Results in Corruption Cases**

*SK0601085296 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 5 Jan 96*

[FBIS Translated Text] Focusing on priorities for anti-corruption campaign defined by the CPC Central Committee, procuratorial organs in the province concentrated efforts on investigating and handling major and appalling cases that the masses complained about in 1995, achieving fairly great results and promoting in-depth development of the anticorruption campaign.

Zhao Changfeng, chief procurator of the provincial people's procuratorate, revealed to the press circles that from January to November 1995, procuratorial organs throughout the province placed 5,053 economic cases of various kinds on file for investigation and prosecution, and retrieved 240 million yuan in economic losses for the state and collectives through handling these cases.

Zhao Changfeng said: Over the past year, procuratorial organs at all levels in the province cracked a number of influential and stirring major cases. A total of 135 leading cadres at the county or section level and 8 cadres of the department level were found to have involved themselves in embezzlement and bribery crimes. At the same time, the province also made great progress in investigating and handling exceptionally serious economic cases. Embezzlement and bribery cases each involving illicit money of over 100,000 yuan were 76 in number, and of these, the most serious case exceeded 1 million yuan in embezzled money.

Zhao Changfeng said: Procuratorial organs throughout the province will overcome obstructions and interference, wholeheartedly perform official duties, impartially execute laws, and dare to investigate and handle major and appalling cases in order to promote the constant and in-depth development of anticorruption campaign.

**PRC: Shanghai Income Tax Collection 'Almost' Doubles**

*OW0901074696 Beijing XINHUA in English 0702 GMT 9 Jan 96*

[FBIS Transcribed Text] Shanghai, January 9 (XINHUA) — The personal income tax revenue of this city of some 13 million people, with China's largest urban economy, almost doubled in 1995, the local tax bureau reported.

The bureau's official statistics indicated today that Shanghai collected a total of 1.51 billion yuan (about 182 million US dollars) in individual income tax last year, up 98.4 percent over the previous year.

The 1995 figure was also seven times that of 1990, the bureau said, adding that personal income taxes accounted for 6.9 percent of the city's total collection of industrial and commercial taxes last year. The personal income tax proportion was merely 0.9 percent in 1990.

Chinese and foreign employees in overseas-funded ventures and the self-employed made up 80 percent of the contributors of the personal income tax in 1990, but currently the tax base has expanded to include almost [as received] levels of society, the bureau said.

Nationwide, China's 1995 individual income tax revenue is expected to overshoot the target of 12 billion yuan. The national figure was 7.24 billion yuan in 1994.

**PRC: Shanghai Industrial Output Tops 500 Billion Yuan**

*OW1001041096 Beijing XINHUA in English 0200 GMT 10 Jan 96*

[FBIS Transcribed Text] Shanghai, January 10 (XINHUA) — Industrial output value in China's largest metropolis registered a 17.1 percent rise, reaching 525.389 billion yuan in 1995, an official with the municipal Statistics Bureau said here today.

This was the fourth record the city's industrial sector has set in the past five years, the official said. Six pillar industries, including automobiles, contributed 45.1 percent to the total industrial output value.

The rate of sales soared to 98.1 percent and the purchase value of export-oriented products totalled 78.2 billion yuan, 35 percent up over that in 1994.

The official attributed the success to new reform measures taken in 1995, improved management, and reduction in production costs.

**PRC: Shanghai's Caohejin High-Tech Zone Featured**

*OW3001024796 Beijing XINHUA in English 0142 GMT 30 Jan 96*

[FBIS Transcribed Text] Shanghai, January 30 (XINHUA) — China's biggest information industry base, featuring microelectronics, optical telecommunications and computers, is taking shape in the Caohejin Hi-Tech Development Zone here.

The five-year-old zone is in the lead in China's fledgling information industry in terms of its scale, economic benefits and technical grade, officials said.

Statistics show that the sector of information technology generated an income of three billion yuan last year, accounting for one third of the zone's total.

So far, a number of transnational companies, including Northern Telecom, Philips, Bell, Du Pont, Intel and Lattice, invested 350 million US dollars in the zone's information industry.

The sales of the zone's microelectronics industry exceeded one billion yuan last year, making up 40 percent of the total for the country.

Furthermore, the US-based telecommunications giant AT&T and 20 other foreign enterprises have set up joint ventures in the zone, specializing in making optical fiber and other types of transmission equipment.

#### **PRC: Shanghai Drawing Up Telecommunications Plans**

*OW3001025696 Beijing XINHUA in English  
0149 GMT 30 Jan 96*

[FBIS Transcribed Text] Shanghai, January 30 (XINHUA) — This leading information center of China is set to invest seven billion yuan in telecommunications projects this year.

This will be the first year of a large five-year program to turn Shanghai into a "harbor with advanced information system", said a municipal telecommunications official.

The city plans to expand its telephone exchange capacity by one million lines to bring the total to 4.5 million. Long-distance telephone capacity will rise to 117,000, and 220,000 mobile phone customers and 3,500 data users are expected.

The official predicted that the number of new telephone users will be 750,000 this year.

By the end of 1995, some 2.25 million households had phones, and mobile phone users totalled 158,000.

#### **PRC: Mayor on Shanghai's 1996 Economic Target**

*OW3001032896 Beijing XINHUA in English  
0203 GMT 30 Jan 96*

[FBIS Transcribed Text] Shanghai, January 30 (XINHUA) — This biggest industrial and commercial center of China has vowed to keep this year's Gross Domestic Product growth rate above 12 percent, control the price index within 12 percent and expand investment in fixed assets.

"Shanghai will, on the one hand, oppose seeking a reckless speed of economic development, but, on the other, develop as fast as it can in accordance with Deng Xiaoping's requirements for the city," Mayor Xu Kuangdi told leading officials at a meeting.

Shanghai's economy will experience a transitory period in the first half of the year because the country will continue to carry out a relatively stringent economic

policy and issue a series of new policies governing the readjustment of tariffs and the refunding of taxes in the foreign trade sector, he predicted, adding that the city's development trend will turn for the better in the second half of the year.

Shanghai has the advantages to develop faster than the average growth rate of eight to nine percent nationwide, he said.

The mayor estimated that the growth rate of automobiles, telecommunications and household electrical appliances in the city will top 20 percent, while joint ventures here will maintain an economic growth rate of more than 30 percent.

Besides, Shanghai-made products have good potential to explore both domestic and international markets; the service industry is expected to grow at last year's level; and supplies of electricity and other major manufacturing resources can be guaranteed.

Judging from all these good signs, an economic growth rate of 10 percent to 12 percent is possible, he said, adding that the city should strive for an economic growth rate of 13 percent.

The mayor said that Shanghai plans to invest 156 billion yuan (about 18.8 billion US dollars) in fixed assets, slightly above the figure for last year.

Such an investment scale is necessary for the development of the Pudong New Area and the needs of the city's construction.

In order to get adequate funds, the city plans to make full use of bank loans and foreign investment, and improve the investment efficiency.

It is a key task for Shanghai to bring the price index under 12 percent this year, Xu said, adding that greater efforts will be made to control price hikes and to intensify the reform of the price system.

#### **North Region**

#### **PRC: Modern Customs System Taking Shape in Beijing**

*OW1801131296 Beijing XINHUA in English  
1234 GMT 18 Jan 96*

[FBIS Transcribed Text] Beijing, January 18 (XINHUA) — A modern system of land, sea and airport customs has taken shape in this capital of China following the opening of two customs posts last year, according to an official of the municipal government.

"The Chaoyang highway and Fengtai railway customs posts, which started operation last year, and the Capital

International Airport customs have laid a sound basis for the capital's modern customs system, which will be officially completed by the end of the century," said Zhao Yizu, director of the Beijing Municipal Customs Office.

The Chaoyang highway customs post in eastern Beijing, through the Beijing-Tianjin-Tanggu expressway, has linked Beijing with Tianjin port, 150 km away at the Bohai Sea.

The Fengtai railway customs post, 5.5 km east of the new Beijing Western Railway Station, can handle import and export cargoes bound for Shenzhen in south China as well as Hong Kong or Macao. It handled 160,000 tons of cargo last year.

The Capital International Airport, the largest airport in the country, handled 310,000 tons of cargo last year and registered a flow of 15 million domestic and foreign passengers in 1995.

Beijing plans to build an international container transport center, two more highway and railway customs posts and one more international airport on its outskirts, according to Zhao.

#### PRC: Tourism Increases in Beijing Noted

OW1701134596 Beijing XINHUA in English  
1332 GMT 17 Jan 96

[FBIS Transcribed Text] Beijing, January 17 (XINHUA) — China's capital had 9.23 million tourists during the Eighth Five-Year Plan period (1991-95), bringing in a total of 7.4 billion US dollars in foreign currency.

Beijing built 73 scenic spots during the five-year period, putting the total number at 240, an official from the municipal Tourism Administration said.

A total of 43 regulations have been issued to guarantee a good tourist environment that include a quality guarantee system that compensates tourists who have problems because of bad service, the official said.

In addition, the municipality has gotten a great deal of experience in hotel management from countries such as Japan, France and Singapore, that has helped bring the level of its management to a new high, the official explained.

#### PRC: Beijing Expands Markets for Farm, Sideline Products

OW0801040196 Beijing XINHUA in English  
0329 GMT 8 Jan 96

[FBIS Transcribed Text] Beijing, January 8 (XINHUA) — China's capital has invested more than one billion

yuan (about 120.4 million US dollars) in building 302 new market places and renovating some large wholesale agricultural or sideline products markets in recent years, bringing greater convenience to people's daily lives.

There are 954 markets (excluding markets for means of production and essential factors of production) in Beijing, employing about 250,000 people. Of them, 19 wholesale markets, 841 retail markets, 36 morning markets and 11 night markets, Wang Jinian, head of the Municipal Administrative Bureau for Industry and Commerce, said.

These markets have become major channels for supplying the city with agricultural and sideline products, especially vegetables.

According to statistics, the volume of business of these markets in Beijing hit 20 billion yuan-worth in 1995, with the amount of products transacted reaching more than five billion kg.

At present, the six major markets in Beijing each supply about 5.5 million kg of vegetables.

#### PRC: Hebei Governor Speaks at Forum on Opening Up

SK3001095696 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 29 Jan 96

[FBIS Translated Text] During the Eighth Five-Year Plan period, all cities, prefectures, and departments across the province implemented the provincial party committee and government's opening-up policies — developing the export-oriented economy to promote the overall economic development, taking advantage of being adjacent to Bohai and Beijing and Tianjin, keeping connections with domestic places, and making a new breakthrough in importing capital, technology, and talented persons — so that the province began to open its various sectors wider to the outside world in a well-planned manner and greatly upgraded the degree and level of opening up. In the past five years, the province actually used foreign capital worth \$2.77 billion, and more than 2,400 three types of foreign-funded enterprises were built and went into operation. Last year, the volume of export through foreign trade amounted to \$3.04 billion, setting a historic record. Hebei fostered a good image of opening up and further strengthened its economic and trade cooperation ties with increasingly more countries in the world. The province improved its investment environment, thus creating conditions for further expanding the scale of opening up. All levels and all departments have further enhanced the awareness of promoting development through opening up. A group of examples advanced in this regard also emerged.

In his speech at the provincial opening-up work conference held on 29 January, Governor Ye Liansong fully affirmed the province's achievements in opening up during the Eighth Five-Year Plan period.

Ye Liansong pointed out in his speech: Now, we have not done enough to broaden our horizon, widen our idea, enhance the daring, and make a rapid step in the aspect of opening up. Amid the large-scale opening-up pattern of the whole country, Hebei is still in the backward state.

He stressed: We must have a high-degree sense of responsibility to the history and a high-degree sense of urgency, carefully organize forces to implement the strategy of opening the areas around Bohai and Beijing and Tianjin to the outside world to promote Hebei's overall development, and strive to elevate the province's opening-up work to a new stage.

According to the guiding ideology as defined in the strategy of opening the areas around Bohai and Beijing and Tianjin to the outside world to promote the overall development, Ye Liansong set forth the major targets for the year 1996. This year, the province should ensure the actual use of foreign capital worth \$1.5 billion and strive to use foreign capital worth \$1.8 billion, the total export value should reach \$3.54 billion, the contracts on undertaking foreign projects and conducting labor cooperation should be valued at \$40 million, 100 large- and medium-sized state-owned enterprises should be transformed with imported capital and technology, and noticeable achievements should be made in building 15 economic and technological development zones at the provincial level or above.

Cong Fukui, executive governor of the provincial government, set forth the following specific measures: simultaneously persist in various forms; strive to widen the (investment) avenues; further accelerate the pace of transforming the existing enterprises with foreign capital to serve the realization of the two fundamental changes; realistically attend to the two fundamental targets, such as travelling traders and projects; adopt various means to invite foreign traders; and make efforts to upgrade the real efficiency in inviting foreign traders and introducing foreign capital. According to the market economic regulations, we should strengthen the management and service of foreign-invested enterprises, ensure a sound development of the foreign-invested economy, and strive to cultivate a contingent of workers engaged in foreign affairs.

**PRC: Pillar Industry Development Plan for Tianjin**  
**OW2901085096 Beijing XINHUA in English**  
**0817 GMT 29 Jan 96**

[FBIS Transcribed Text] Tianjin, January 29 (XINHUA) — North China's largest port city has come up with a development plan for its automobile, machinery, electronics, chemical, and metallurgical industries, which already account for more than 60 percent of its total industrial output.

During the Ninth Five-Year Plan (1996-2000) the city will continue to put emphasis on expanding production of cars and automobile parts so as to become one of the largest auto makers in China, sources from the municipal government said. The city turned out 150,000 cars in 1995.

Aiming to be a big electronic industrial base, the city will make efforts to develop the telecommunications, computer, computer software, and integrated circuit industries during the period, officials said.

It also plans to increase ethylene, polyester, fine chemicals and quality steel production, and has already completed a steel tubing plant involving a total investment of 12 billion yuan.

**PRC: Tianjin Mayor Addresses Municipal Plenary Meeting**

**SK2801082196 Tianjin People's Radio in Mandarin**  
**2300 GMT 26 Jan 96**

[FBIS Translated Text] The Fifth Municipal Government Plenary Meeting was held at Tianjin Auditorium on the morning of 26 January. The meeting adopted in principle the report on the outlines of the Ninth Five-Year Plan for Tianjin's Economic and Social Development and the long-term target for the year 2010, as well as the draft outlines of the Ninth Five-Year Plan for Tianjin's Economic and Social Development and the long-term target for the year 2010, which will be submitted to the Fourth Session of the 12th Municipal People's Congress for discussion. Mayor Zhang Lichang gave a speech. Executive Vice Mayor Li Shenglin presided over the meeting. Wei Bingkun, deputy secretary general of the municipal government and responsible person for drafting the outlines and report, gave a brief explanation on the drafting work. Municipal government personnel and principal responsible persons of relevant departments attended the meeting.

Comrades attending the meeting discussed the government work report and the draft outlines. The meeting was filled with an enthusiastic and lively atmosphere.

In his speech, Zhang Lichang pointed out: The government work report to be submitted to the municipal

people's congress for discussion is formulated in line with the guidelines of the Fourth Enlarged Plenary Session of the Sixth Municipal Party Committee and on the basis of extensively listening to opinions from all sectors. It is a crystallization of collective wisdom. The report touches on the main point of doing things for the sake of the masses and relying on the masses, stressing that all fields of work should enter a new level. The fundamental key to raising the overall quality is to seize the opportunity and accelerate development. This is the summary of experience gained during the Eighth Five-Year Plan period and the principle which we must follow during the Ninth Five-Year Plan period.

Zhang Lichang said: During the Eighth Five-Year Plan period, we achieved tremendous achievements, laying the foundation and gaining momentum for future development. We may say that Tianjin's economic development is gradually moving towards a well-rounded cycle. These achievements are hard-earned and are the results of the painstaking efforts of the people across the municipality. Cadres at all levels have worked hard to achieve this. We should also attribute these achievements to the work foundations we laid in recent years and to the common efforts of the previous terms of the municipal party committee and the municipal government. While fully affirming the achievements, we should also soberly recognize our existing difficulties, disparities, and weak aspects, and should enhance confidence in overcoming difficulties and winning victory. The key to pushing Tianjin forward in the next 15 years is to enhance the overall economic quality and development level, and the most important thing is to increase the application of science and technology and raise our market competitiveness. In carrying out economic work during the Ninth Five-Year Plan period, we should firmly grasp the two fundamental changes of the macroeconomic system and the economic growth mode and exert efforts to achieve great breakthroughs.

Zhang Lichang stressed: This year is the first year for realizing the Ninth Five-Year Plan and the long-term target for the year 2010. Success or failure in our work will directly affect the rate and quality of Tianjin's economic and social development of the next five years and even the next 15 years. Achieving a high starting point, marching forward to catch up with others, and striving to gain the initiative in work are the basic demands for this year's work. At present, we have much to do. Leaders at all levels should concentrate their energy on grasping major affairs, seeking actual results, doing a good job in implementing the guidelines of the central economic work conference and the Fourth Enlarged Plenary Session of the Sixth Municipal Party Committee, define the whole municipality's general

work targets, thinking, and tasks for the next five years and even for 15 years, and give special attention to carrying out this year's work targets in a coordinated manner. To realize a high starting point in this year's work, we should conscientiously and successfully carry out the work around the spring festival period, do a good job in organizing market supply during the festive days, arrange rich and colorful cultural activities during the festival, attend to security work, and let the masses spend a peaceful and happy spring festival. We should continue to grasp the building of administrative honesty. During the spring festival period, it is necessary to educate cadres at all levels to keep themselves clean and self-disciplined, never do things which the people hate to see, promote the practice of leaders at the higher level paying new year calls on people at the lower level and leading cadres paying new year calls to workers who are sticking to their work posts during the festive days, and give more talks to boost people's enthusiasm and help promote unity.

Zhang Lichang said: The Fourth Session of the 12th Municipal People's Congress and the Fourth Session of the Ninth Municipal Committee of the Chinese People's Political Consultative Conference will be held in the next few days. These two sessions to be held this year are different from the previous annual sessions because during the sessions we must sum up the work of the Eighth Five-Year Plan period and work out development plans for the Ninth Five-Year Plan period and even for the next 15 years. So, the tasks of these two sessions are heavy. Successfully carrying out these two sessions is of great significance in mobilizing the people across the municipality to deepen reform, expand opening up, and accelerate the modernization pace. Governments at all levels and all relevant departments must pay great attention to these two sessions and conscientiously approach them with full enthusiasm and a serious attitude, and should exert joint efforts to make these two sessions a success along with all sectors.

Zhang Lichang particularly stressed that leading cadres should strengthen ideological construction, conscientiously study a series of important speeches given recently by Comrade Jiang Zemin, uphold the correct political orientation and political stand, maintain a sober mind, be good at observing and analyzing problems from a political perspective, enhance political sensitivity and steadfastness, cultivate the ideology of wholeheartedly serving the people, enhance the sense of public servants, and be the first to work hard. For this reason, cadres at all levels must have a high level of political consciousness.

**PRC: Tianjin's Machinery Industry Development Cited**

*OW2601083496 Beijing XINHUA in English*  
*0736 GMT 26 Jan 96*

[FBIS Transcribed Text] Beijing, January 26 (XINHUA) — The machinery industry of Tianjin, a port city in north China, has registered rapid development over the past five years, with an output growth rate of 18.7 percent annually.

Moreover, the "CHINA MACHINERY AND ELECTRONIC NEWS" reported, the city witnessed the industry's sales and combined turnover of profits and taxes rise at annual growth rates of 24.2 percent and 40 percent, respectively.

The paper attributed the rapid development to a comprehensive technical renovation and readjustment of production structure over the past five years, which brought 1,660 technical achievements to large-scale production, and created profits of 680 million yuan.

In addition, the number of enterprises with annual sales volumes surpassing 100 million yuan has jumped to 23, compared with seven at the start of this decade.

Another major catalyst is the swelling foreign investment, the paper commented. Over the past five years the city has contracted to use 127 million US dollars to establish 53 joint ventures, which involve 410 million dollars of combined investment.

Furthermore, statistics show that the city's exports of machinery products have been increasing by a large margin since the beginning of the 1990s. The accumulative export volume in the past year reached 1.64 billion yuan, three times that of the 1986-1990 period.

**Northwest Region****PRC: Shaanxi CPC Plenary Session Concludes 11 Nov**

*SK1301030996 Xian SHAANXI RIBAO in Chinese*  
*12 Nov 95 p 1*

[By reporters Zhu Guang (4376 0342) and Pan Zheng-gong (3382 2973 0501): "Fourth Plenary Session of Eighth Shaanxi Provincial CPC Committee Successfully Concludes"]

[FBIS Translated Text] The fourth plenary session of the eighth Shaanxi Provincial CPC Committee concluded successfully in the morning of 11 November.

An Qiyuan, secretary of the provincial party committee, who hosted the plenary session that morning also made a speech on the topic: "Face the Future, March Forward

in Solidarity, Enter the 21st Century Successfully With a Brand-New Image." Cheng Andong, Cai Zhulin, Li Huanzheng, Xu Shanlin, Ai Pishan, Cui Lintao, and Zhao Lianchen were present. Thirty-four members of the provincial party committee were present and there were eight absentees. Six provincial party committee alternate members showed up and two took leave. The number of the provincial party committee member in attendance met the requirement of the Plenary Session. The delegates of related responsible comrades attended the session.

The 34 committee members present voted unanimously, by way of raising their hands, for Dong Dingcheng to fill the committee membership vacancy in the provincial party committee. After that, Cai Zhulin, deputy secretary of the provincial party committee, elaborated on the revision process of the "proposal" (draft for discussion). All of the committee members who attended the session approved unanimously the "Proposal of the Shaanxi Provincial CPC Committee for Formulating Ninth Five-Year Plan and the Long-Term Target for 2010" by way of applauding.

An Qiyuan indicated in his speech: The next 15 years will be a critical period to link between the past and the future as well as to continue to expand and develop. It is also the high time to seize opportunities and accelerate development. The tasks we are facing are heavy and arduous.

We are facing a new phenomenon in which positive results are accompanied by problems, advantages co-existed with difficulties, and opportunities come along with challenges. All levels of party and government leaders must build a strong concept to recognize opportunities, seize opportunities, cherish opportunities, and make good use of opportunities. We should apply pressure to ourselves, march forward with heavy loads, and work diligently to speed up the development pace in order to move the provincial economy into a new stage. Vigorous effort has to be put in to move the province to meet the national average and to catch up with the developed coastal regions. With the guidelines of the fifth plenary session of the 14th party Central Committee as our directives, we should properly handle the relationship in 12 key aspects, such as the relationship between reform, development and stability, between speed and profitability, between market mechanism and macro control, and between material civilization and spiritual civilization. It is imperative to persist in adopting the work principles proposed by the provincial party committee: "to emaciate the minds, revitalize the spirits, tighten control on significant matters, and pay close attention to their implementation." All-out efforts should be put in carrying out the following strategies: "Lay a solid founda-

tion with education, revitalize Shaanxi with science and technology;" "focus on developing the central Shaanxi plain, speed up in exploring and developing southern and northern Shaanxi;" and "use opening up as a way to promote exploration, use exploration to get development." Economic system should be transformed from the traditional planned economic system into a socialist market economic system at a faster pace. The formula for economic growth should be changed from an extensive economic growth model to an intensive economic growth model. Hence, the provincial economic and social development will make new breakthroughs.

An Qiyuan said: Our minds must be further emancipated in order to create a new reform and construction phase. Looking at our province, the keys to emancipate the minds are to connect real situations closely and insist on the ideological line of seeking truth from facts. It is important that we work hard on changing our concepts to meet the requirements of building socialist market economic system and the requirements of accelerating the development and revitalizing Shaanxi. Great enthusiasm must be provided in order to realize the new goals. In order to emancipate the minds, it is imperative to make breakthroughs in areas of economic construction, creative development of work, reform and opening up, mobilizing cadres energetically, revitalizing spirits, and implementing work in a practical way.

An Qiyuan indicated: From a practical point of view, the key to accelerate the development of our province would lie on how much time it takes to actualize the transformation of a traditional planned economic system to a socialist market economic system and from an extensive economic growth model to an intensive economic growth model. All levels of leaders must fully recognize the importance and urgency of realizing the two transformations. All leaders must actually treat the two transformations as the core of the economic tasks, focus on them, and grab these turning points. In the next 15 years, especially during the Ninth Five-Year Plan period, the leaders must do their best in managing the seven important tasks that have significant impacts on the whole situation, which include agriculture, state-owned enterprises, opening up to the outside world, science, technology, and education, nonstate-run economy, exploration of resources, and infrastructure construction. Agriculture should always be given top priority among all tasks. During the Ninth Five-Year Plan period, we must further strengthen agriculture, continue to deepen rural economic system reform, and pick up the pace in changing agriculture from an extensive operation into an intensive operation. The state-owned enterprise reform force should be enhanced and guided according to the available guidelines. The whole state-owned enter-

prise reform should be arranged properly based on the principle of improving the big ones and lifting control to revitalize the small ones." First, the pace in developing a modern enterprise system has to be increased. Second, the change of mechanism and building of system tasks in the large number of enterprises have to be managed properly. Third, small and medium size state-owned enterprises have to be decontrolled and revitalized. Fourth, the construction of enterprise leading bodies has to be strengthened. The degree of opening to the outside world should be increased continuously as opening promotes exploration and exploration promotes development. Foreign economic relations, foreign trade, and foreign investment should be promoted at the same time. Development should be emphasized both domestically and overseas. The direction of the open policy should be aiming at greater degree of opening continuously, development in greater depth, and expanding territories through "trading resources for technology, production rights for capital, markets for items, and existing quantity for new quantity". The speed of developing nonstate-owned economy must continue to increase. Since the key to developing nonstate-owned economy is the rural enterprises, all areas must keep an eye on this important sector. Efforts must be put in to build these enterprises into larger scale, upgrade the technology, strengthen the management skill, and improve the quality of the products so that they could meet high standards and be more competitive in the market. An integrated science, technology, and economic theme should be further promoted. The system reform in science, technology, and education must be advocated unswervingly. The coverage of resource exploration must be expanded by any means and that leading products should be promoted to become the dragon head as soon as possible and the backbone industries should be used as the pillar to keep increasing the value of chained industries and industry groups. Infrastructure construction must be increased to full capacity during the Ninth Five-Year Plan period. We must integrate the processes of planning, making reasonable arrangements, and gathering manpower, material, and capital. Hence, we can fight a few solid battles in building a number of key projects with high quality and high efficiency. We will do our best to make an impact on the infrastructure construction by the end of this century. These seven tasks are the most important tasks of all important tasks as they have not only an impact but a long-term effect on the whole situation. We will be able to get good results, realize the two transformations, and promote the continuous, speedy, and healthy provincial economic development only if we put a tight grip on these seven matters.

Towards the end, An Qiyuan said: In order to complete all tasks in the Ninth Five-Year Plan and the Long Term

Targets for 2010, it is imperative for us to succeed in promoting both the spiritual and the material civilization, to continue the great new project of promoting party building, as well as to further strengthen socialist spiritual civilization, democracy, and legal system. Thus, the following four areas must be handled properly with all our might: 1) Step up party building in order to provide a strong and powerful organizational guarantee for achieving the goals swiftly; 2) further strengthen the construction of clean and honest administration in order to remove obstacles and pave way for accomplishing goals smoothly; 3) further enhance socialist spiritual civilization construction so as to provide a better social environment for attaining the goals smoothly; and 4) further reinforce democracy and legal system so that a justice system can be provided to give the protection required for achieving the goals swiftly.

An Qiyuan also expressed the following opinions on the work being done at the present time: First is to pass on the guidelines of this plenary session promptly; second is to continue doing the economic task well this year; third is to make good preparation for the work next year; fourth is to make arrangement for better living for the people; and fifth is to work on social stability further.

The plenary session was then concluded amidst the solemn sound of the Internationale.

#### **PRC: Shaanxi Accelerating Personnel Reform**

*SK1101122196 Xian SHAANXI RIBAO in Chinese  
25 Nov 95 p 1*

[By reporter Lu Guimin (0712 6311 3046): "Shaanxi Accelerates Personnel Reform"]

[FBIS Translated Text] While enhancing the economic system reform, our province is energetically accelerating the political system reform. The provincial organizational reform and personnel system reform have already moved into the leading position in the country. The overall development of reform, opening up, and economic construction has been promoted.

Organizational reform is the first step of our provincial political system reform and has generally been promoted among all levels since last year. The provincial and local levels have concentrated their work on the development in a few important areas which include transforming functions, managing relations, streamlining administration, and increasing efficiency. The organizational reform of the provincial organizations was basically completed in May this year. The program to define the functions, number, and size of departments has been implemented smoothly. The number of party and government organizations at the provincial and department level have been reduced from 83 to 62, and

offices of these departments have been reduced by 21.27 percent. Organizational reform at prefectural, city and county levels have also been completed. After the completion of the organizational reform of party and government organs, the six counties in Xian city and the 13 counties and cities in Yanan Prefecture have also carried out organizational reform at institutions. The average rate of reduction in organizations was about 20 units per city and 25 units per county. The elimination of certain organization units resolved the problems regarding overlapping responsibilities between the province and various prefectures and cities, between party and government, among government departments, as well as between the government and the enterprises and institutions. It also helped to define the functions of each unit clearly so as to prevent further shifting of responsibility onto others. Thus, the efficiency of the organizations has shown remarkable improvement.

Along with organizational reform, our province has introduced the national public servant system this year. During the implementation period, we have combined the promotion of public servant system and the reform of wage system. Training on the public servant system knowledge and duty knowledge was combined with examinations. Work functions were then categorized based on examination results. The leading functions and non-leading functions were redefined. Positions were set up according to requirements, and employees were selected based on ability. The principle of getting the best people through competition should be insisted on in order to guarantee that more capable people work at higher levels while less able people work at lower levels. The number of party and government organization personnel above the provincial and deputy department level has been reduced from 8,034 to 5,500. The middle-aged and young civil servants who have been promoted to section head and assistant head consisted 36.3 percent of the total leading positions at the section level. Over 80 percent of the section-level cadres possess university and college degrees. Under the principle of fair competition, 171 civil servants have been hired from the public to fill the vacant non-leading positions below the supervisor level in the 44 provincial departments. At the present time, the public servant system in the provincial organizations are running on a right track. The implementation of the public servant system in prefectural, city, and county levels have also completed. Average number of personnel in the organizations have been reduced by 526 at the prefecture level, 861 at the district level, and 190 at the county level, and reduction rate was over 30 percent. The reduction rate in counties in Yanan Prefecture reached 52 percent.

One of the important measures of our provincial personnel system reform was to strengthen management of scientific and technological cadres and bring the abilities of our employees into full play. In recent years, the provincial personnel department and other related departments have tabled the plan and implementation strategies for the "Three-Five Project" [san wu gong cheng 0005 0063 1562 4453] which concerns the training of trans-century leaders in academic and technology fields. Based on investigation and research results, we dealt pointedly with the unstable situation in the contingent of agrotechnical workers. We established "some regulations to stabilize the contingent of agrotechnical workers and strengthen the work in agricultural science and technology." A series of complementary policies have also been introduced to positively allocate different personnel to appropriate assignments. In order to solve the problem regarding lack of senior professional posts and promotion opportunities for middle school and elementary school teachers, 3,000 special senior profession positions were handed down to middle and elementary teachers. In order to resolve the problem regarding the small number of senior positions available for university and college teachers in southern and northern Shaanxi, 97 senior teaching level posts have been handed down to seven universities and colleges including Yanan University. For specialists who have made exceptional contributions to the local prefectural or county agricultural units, arrangements have been made to get a job for one of their children in another profession. In order to make way for university and college students to work in a nonstate-owned units, various units, such as the provincial party committee's organization department and the provincial education committee, have established and issued "circular regarding current university, college, and secondary specialized school graduates to work for nonstate-owned units." This program helped 4,800 people find good positions and 914 dependents of 347 scientific and technological cadres to "change from agricultural population status to nonagricultural status." At the same time, the province has currently established 42 personnel markets and is finishing the first stage network development. Hence, demand and supply can be met and selection and direction can be combined. During the spring personnel exchange conference held last March, 87 units entered the market, over 6,000 people hunted for job, and 3,411 people were placed with the units.

The key projects to be carried out should be focused on revitalizing Shaanxi with science and technology. As an important part of the personnel system reform, our province should try to attract and train more intelligent people proficient in foreign affairs. In recent years, 5,100 people who had studied abroad returned to

work in Shaanxi. Experts in different fields hired from overseas through various channels numbered 4,370, while 3,833 people have been sent to other countries to study and undergo training. By doing so, our province has been able to solve 400 technology-related problems and promote the development of economic construction.

#### PRC: Shaanxi Governor Addresses Economic Meeting

SK1801104196 Xian SHAANXI RIBAO in Chinese  
23 Dec 95 p 2

[("Excerpts" of speech by Cheng Andong, governor of Shaanxi Province, at the provincial economic work meeting on 18 December entitled: "Grasp Key Issues, Tackle Difficult Points, Do Work in a Down-to-Earth Manner, and Successfully Fight the First Battle of the Ninth Five-Year Plan")]

[FBIS Translated Text] The important speech made by Comrade Qiyuan a moment ago has defined the guidelines, overall demands, and work priorities of the next year's economic work. We should use them to unify recognition and grasp their implementation. I would like to specifically discuss some issues now.

#### I. Basic Recognition of the Current Development Trend of Shaanxi's Economy

At present, generally speaking, Shaanxi's overall economic situation is good, but some deep-seated contradictions still exist in economic life, so many difficulties and problems lie ahead of us. First, the influence of the natural calamities of the successive two years to Shaanxi's economy and people's living cannot be underestimated, and the difficulty in controlling inflation has been aggravated. Second, the price increases are still higher than the national average level. Third, breakthroughs have not been made in reforming most of the state-owned enterprises. Fourth, the public security of some places is bad. We should pay great attention to these difficulties and problems, adopt realistic measures, and conscientiously resolve them.

#### II. We Should Realistically Put Agriculture in the Dominant Position of the National Economy and Strive To Make New Breakthroughs in Realizing the Projects of the "Rice Sack" and "Food Basket"

At present, Shaanxi's agriculture has not been lifted out of the passive situation of depending on the mercy of heaven, and its foundation is still very weak. On the one hand, the per capita share of grains is lower than the national average level. On the other hand, Shaanxi's population grows by 350,000 a year, and the cultivated land is reduced by 300,000 mu a year. This

doubles the pressure on agriculture. The development of the national economy and the improvement of people's living standards have unceasingly put forward higher demands for agriculture. Hence, we should realistically place agriculture in the first position of the economy, and top leaders at various levels should exert great efforts to grasp agricultural and rural work. Secretaries of county party committees and heads of counties should devote major efforts to agriculture and rural work.

In Shaanxi's agriculture and rural economic work for the next year, we should act in close accordance with the two objectives of "guaranteeing the effective supply of agricultural products and guaranteeing the increase of peasants' income"; energetically develop the high yield, good quality, and highly efficient farming; and lay particular focus on the projects of the "rice sack" and "food basket." We should strive to restore the total grain output to 12 billion kg. The total output value of township enterprises should exceed 100 billion yuan. The net per capita income of peasants should increase by 200 yuan. For this, we should successfully carry out the following tasks. 1) We should protect cultivated land in line with the law and stabilize the acreage of grain fields. 2) We should expedite the auction and improvement of "four kinds of wasted lands" as well as strive to realize the objectives of "eliminating wasteland" and "afforesting wasteiand." 3) We should energetically carry out farmland capital construction and water conservancy works as well as further improve agricultural production conditions. 4) We should energetically develop water-saving agriculture and dry land agriculture. 5) We should persist in using science and technology to invigorate agriculture as well as further promote applicable farming techniques. 6) We should accelerate the progress of rural industrialization. 7) There should be big development and increase in township enterprises. 8) We should strengthen the work of tackling the most difficult problems with regard to supporting poor peasants. 9) We should add impetus to agricultural investment, realistically alleviate the burden on peasants, and do a good job in boosting, protecting, and giving play to peasants' enthusiasm.

### **III. We Should Exert Great Effort To Promote "Two Changes," Attend to the State-Owned Enterprises, and Raise the Overall Quality and Economic Efficiency of the Economy**

Promoting a shift in the economic system and the mode of economic growth is a long-term strategic task for realizing the trans-century grand objective. For next year's economic work, we should firmly grasp this crucial link.

1. We should regard attending to state-owned enterprises as the central task and actively promote a change in the economic system. We should attach great importance to resolving the deep-seated contradictions which exist in the current economic and social development, regard the work of changing the mechanism and establishing the system of state-owned enterprises as the priority, promote various reforms in a comprehensive and co-ordinated way, and create a good system condition for realizing a shift in the mode of economic growth.

First, we should continue to firmly and successfully grasp the pilot work of establishing the modern enterprise system. In the course of pilot work, we should organically combine reform, reorganization, and technical transformation with the strengthening of management; devote great efforts to bringing forth new ideas in the system and changing the mechanism; and strive to make significant progress in readjusting the liability structure, transferring the surplus personnel, separating social functions, strengthening the internal restriction mechanism, perfecting the way for operating funds, and carrying out the responsibility for managing state-owned assets.

Second, in line with the guiding principle of "grasping big enterprises and relaxing control to enliven small ones," we should further intensify our efforts to reform the state-owned small enterprises. We should continuously learn and draw lessons from the successful experiences of the reform of small enterprises in Hancheng city in Shaanxi Province and Zhucheng city in Shandong Province. We should be bold in the practice of association, amalgamation, leasing contractual operation, sell-out, auction, bankruptcy, private management of public-owned enterprises, and shareholding cooperation. We should strictly evaluate assets, strengthen supervision and management, and prevent the losses of state-owned assets.

Third, we should regard the market and industrial policies as the guidance as well as actively promote the fluidity and reshuffling of reserve assets. We should select the four large enterprises of Caihong, Xifei, Xidian, and Changling to carry out comprehensive reform, reorganization, and technical transformation as well as turn them into big companies and groups which can adapt to the domestic and international market competition as soon as possible. We should encourage enterprises with favorable conditions to use the differential land rent to retreat from the secondary industry and shift to the development of tertiary industry, or make them move to other places and shift to the manufacture of other products. During the next year, the State Council will expand the scope of the experiment with the optimal capital structure. Therefore, various cities for launching pilot

projects should make good, lively, and full use of a series of policies entrusted by the state as well as make significant progress in promoting the readjustment of reserve assets, reorganizing the liability of enterprises, and eliminating the historical burden of enterprises.

Fourth, we should strengthen the management of enterprises and tap their internal potential. We should rectify within a definite time, the leading bodies of enterprises which are not good at managing things and throw management into chaos. We should carry out the activities of "enhancing the marketing rate of products, the efficiency in operating funds, and the product quality as well as reducing the cost of products" in various enterprises as well as use scientific management and the conservation of resources to achieve better efficiency.

Fifth, we should center on changing the mechanism and establishing the system of state-owned enterprises as well as continuously deepen various coordinated reforms. We should promote the reform of government organs and strive to realize the separation of government functions from enterprise management. We should establish and perfect the system of supervising, managing, and operating the state-owned assets. We should regard old-age pension and unemployment insurance systems as the priority and accelerate the step of reforming the social security system. We should also intensify our efforts to reform the medical system and the urban housing system. We should continuously deepen the reform of circulation system as well as actively spread the chain-store operation, agency system, distribution center, and other modern circulation methods. We should foster and standardize the markets of essential production factors, such as funds, land, and labor forces.

2. We should make a breakthrough in readjusting the economic structure to promote a shift in the mode of economic growth. We should resolutely abandon the traditional growth mode with high investment and consumption as well as low output and quality; and start with structural readjustment to promote the shifting of economic development from quantity increase to quality improvement and from laying particular stress on the growth of essential production factors to relying on scientific and technological progress and raising the quality of laborers. First, we should readjust the investment structure and guarantee the construction of key projects. In readjusting the investment structure, we should persist in using the reserve assets before considering the increase of assets and transform the current foundation before arranging the initiation of new projects. Second, we should readjust the regional structure and promote the coordinated economic development of central Shaanxi plain and southern and northern Shaanxi. Third, we should readjust the structure of projects, take priority

and brand-name products as the leading factor, and energetically support and develop superior enterprises and trades. Fourth, we should readjust the ownership structure, relax control to develop the nonstate-owned economy, and realize the simultaneous development of various economic sectors. During the next year, we should make breakthroughs in expediting the development of nonstate-owned economy and strive to increase its proportion in the entire economy of the whole province to 45 percent or so. Fifth, we should readjust the structure of scientific and technological content in economic growth, conscientiously carry out the strategy of creating a prosperous China via science and education, and accelerate the progress of integrating science and technology with economy. We should expedite the implementation of the "1851" plan, meticulously foster eight new industries, and pay attention to grasping six leading projects. In one or two years, we should strive to organize and build 10 enterprise groups which take the lead in science and technology. We should promote the nongovernment scientific and technological enterprises with favorable conditions to develop along the direction of industrialization, shareholding, conglomeration, and internationalization.

#### IV. We Should Strictly Control the Price, Enforce Financial and Economic Discipline, and Rectify the Economic Order

Controlling price increases is the priority task of macroeconomic regulation and control. During the next year, we should strive by every possible means to control price increases within the scope of 13 percent. Through developing agricultural production, we should alleviate the contradiction between supply and demand in an effort to stabilize the market price. We should add impetus to the work of fighting against sudden huge profits as well as the inspection and supervision of prices. We should resolutely crack down on the behaviors of swindling and forcibly dominating the market and jacking up the price, pay attention to grasping the investigation and handling of the behaviors of reaping sudden and huge profits in 18 commodities and service items, and control the spontaneous rise of the market price. We should adopt effective measures; stabilize the prices of chemical fertilizers as well as the plastic sheets, irrigation implements, and electricity for farming use; and rectify the charges related to agriculture. The state and cooperative commercial units should realistically give play to their role as main channels and shoulder the responsibility for stabilizing the market price.

We should strengthen the market supervision and management as well as safeguard economic order. We

should make special efforts to severely punish the illegal elements who manufacture and sell fake and inferior agricultural means of production, medicine, and food.

#### **V. We Should Expand the Degree of Opening Up, Enhance the Level of Opening Up, and Strengthen Economic Development Vitality**

Expanding opening up is the only way for realizing Shaanxi's economic leap. In face of the pressing situation created by the leap of coastal areas and the rise of neighboring countries, we should further strengthen the sense of urgency toward strengthening the expansion of opening up as well as firmly establish the ideology that opening up is reform, that there will be no vitality without opening up, and that development will be difficult without opening up.

1. In face of the three reforms on the taxation systems of foreign-invested enterprises, we should increase the impetus on structural readjustment and strive to realize four changes. During the next year, the state will issue three reforms on the taxation systems of foreign-invested enterprises, so we should adapt to this new situation, change, and circumstances; establish the ideas of paying simultaneous attention to earning foreign exchange through exports and achieving economic efficiency; and strive to realize a change in the organizational structure of enterprises from regarding trade as a priority to integrating trade with industry, agriculture, and technology, a change of the management structure of enterprises from regarding export as priority to diversifying management, a change of the product structure from regarding primary products as a priority to developing products with high added value, and a change of targeted markets from laying particular stress on developed countries to paying simultaneous attention to developed and developing countries in an effort to realize the diversified market strategy in a better way.

2. We should persist in developing foreign capital, trade, and economic relations simultaneously, pay simultaneous attention to domestic and overseas development, and enhance the scale and level of opening up to the outside world. We should persist in combining the efforts of introducing foreign capital and technology and promoting domestic cooperation; grasp the opportunity offered by the central authorities in supporting the development of central and west areas; attract more funds, technology, and talented people from eastern areas; and strengthen economic ties and cooperation with neighboring provinces and regions.

3. We should do a good job in running three types of foreign-funded enterprises as well as strengthen service and management. We should promptly coordinate and resolve the issue of supplying water, electricity, and

gas for the three types of foreign-funded enterprises. We should act in strict accordance with the items and standards for charging the three types of foreign-funded enterprises as well as establish "detailed cards" for collecting fees. The Chinese directors and senior management personnel in joint ventures should be trained first before they hold posts, and if not, they should not hold posts. It is also imperative to establish an exchange and rotation system for them.

4. We should give full play to the "window" and leading role of the large and medium-sized cities "along the bridge" to bring along the opening up, exploitation, and development of the whole province. In the high- and new-tech industrial development belt in central Shaanxi plain, we should continue to pay attention to supporting and running the existing high- and new-tech industrial development zones, economic development zones, and exemplary zones so as to build new economic growing points.

5. We should pay simultaneous attention to international and domestic tourism and push tourism to a new stage. During the next year, we plan to receive 500,000 tourists from areas outside the border and 19 million domestic tourists as well as make the total tourism earnings surpass 5 billion yuan. We should do a good job in the construction of key tourist and scenic spots. We should actively carry out the activities of promoting tourism with counterparts outside the border. We should rectify the management and order of Shaanxi's "one-day tour" in an effort to establish a good tourist image.

#### **VI. We Should Uphold the Guiding Principle of "Taking a Two-Handed Approach in Work and Being Tough With Both" and Promote the Coordinated Development of Economy and Society**

We should continuously implement the strategic guiding principle of "laying a good foundation by education and invigorating Shaanxi Province by science and technology"; grasp reform and the development of educational, scientific and technological, cultural, radio, television, cultural relics, public health, and sports fronts; and unceasingly enhance the scientific and cultural quality of members of the whole society. We should further deepen educational reform, optimize educational structure, accelerate the step of universalizing the "nine-year compulsory education" and eliminating illiteracy among young and middle-age people, and actively develop various forms of vocational and technical education in urban and rural areas. The cultural, radio, film, television, and publication organs should have more products which the masses love to see and hear in an effort to enrich the spiritual life of urban and rural people.

We should realistically strengthen environmental protection. We should unwaveringly attend to family planning and contain next year's natural population growth rate within 12 per thousand.

We should make persistent effort to grasp the "project of purifying the social environment" and carry out the system of making leaders take responsibility for the comprehensive management of public security. We should actively guard against and give stern blows to various serious criminal activities in line with the law, continuously carry out the struggles of "cracking down on pornography" and "eliminating six vices," resolutely wipe out various social evils, and create a good social environment for promoting modernization drive and making the masses live and work in peace and contentment.

We should deeply carry out the anticorruption struggle. We should investigate the major cases of law-enforcing personnel taking bribes, extorting money, bullying and oppressing people, and violating the law through to the end as well as give severe punishment in line with the law. We should establish and perfect the system of supervising and regulating cadres, strengthen law-enforcement inspection, and prevent cadres from abusing their position and power. We should resolutely check the unhealthy trends in departments and trades as well as consciously establish and safeguard the good image of the party and government for the masses and people.

The guiding principles, objectives, and tasks for next year's economic work have been defined. The crux of advancing towards a faster rate and higher efficiency during the Ninth Five-Year Plan period lies in strengthening leadership, improving work style, persisting in regarding development as the essential criterion, forging ahead with a dashing spirit, and making earnest effort to do practical things. Shaanxi Province will be very promising in the next five years.

#### PRC: Shaanxi Secretary Speaks at Economic Meeting

SK1801053096 Xian SHAANXI RIBAO in Chinese  
23 Dec 95 p 2

[“Excerpts” of speech by An Qiyuan, secretary of the Shaanxi Provincial CPC Committee, at the provincial economic work meeting on 18 December: “Grasp the Two Fundamental Changes, Successfully Carry Out Next Year’s Economic Work, and Create a Good Start for Smoothly Realizing the Ninth Five-Year Plan”]

[FBIS Translated Text] The main task of this provincial economic work meeting is to study and implement the guidelines of the central economic work meeting, study

and make plans for Shaanxi’s economic work in 1996 in line with the fighting objectives set forth in the fifth plenary session of the 14th CPC Central Committee and the fourth plenary session of the eighth provincial party committee, further mobilize the people of the whole province to emancipate the mind, heighten the spirit, comprehensively fulfill the tasks for the next years’ economic work, and create a good start for smoothly carrying out the Ninth Five-Year Plan.

#### I. The review of the Economic Work in 1995 and the Current Situation

During this year, Shaanxi Province will smoothly fulfill the objectives and tasks defined at the beginning of this year and successfully carry out the Eighth Five-Year Plan. It is estimated that the province’s GNP will surpass 100 billion yuan, and the comprehensive economic strength will be pushed to a new stage. Even though Shaanxi has been hit by big natural calamities, the rural economy has grown in a steady manner. The structure of investment in fixed assets has been readjusted, and the progress of building key projects has been relatively smooth. A fairly significant achievement has been made in macroeconomic regulation and control, and price increases have been effectively controlled. The financial revenues have seen a relatively fast increase, and the stable financial situation has been maintained. In the course of the relatively fast economic development, the party building has been further strengthened, the anticorruption struggle has been deeply developed, and new progress has been made in the spiritual civilization construction and the building of democracy and legal systems. These achievements have been made despite a rather large number of difficulties. While fully affirming the achievements, we should soberly realize that quite a few difficulties and problems still exist in the current economic life, and some deep-rooted contradictions have not been fundamentally resolved.

#### II. The Guidelines, Objectives, and Tasks for the Economic Work in 1996

The year 1996 is the first year for carrying out the guidelines of the fifth plenary session of the 14th CPC Central Committee and also the first year for implementing the guidelines of the fourth plenary session of the eighth provincial party committee and carrying out Shaanxi’s Ninth Five-Year Plan and the long-term target for the year 2010. Therefore, conscientiously and successfully carrying out next year’s economic work and having a good start are of great significance in consolidating and developing the achievements made during the Eighth Five-Year Plan period, maintaining the good situation of reform, development, and stability, and

successfully fulfilling various tasks for the Ninth Five-Year Plan period. In line with the overall demands set forth in the central economic work meeting, the guidelines for Shaanxi's economic work in 1996 contain the following: We should resolutely carry out the overall demands of the central authorities for economic work; continuously uphold the working principle of "emancipating the mind, heightening the spirit, paying attention to important matters, and relentlessly grasping implementation" and the strategy of "using opening up to promote exploitation and using exploitation to seek development"; persist in regarding economic construction as the central task; accelerate and promote a change in the economic system and economic growth model; lay focus on strengthening agriculture; attend to state-owned enterprises; develop nonstate-owned economy; control price increases; rectify financial and economic discipline; strengthen the construction of infrastructure facilities; raise the quality and efficiency of the economic growth; and guarantee that various tasks for the whole year's economic work will be accomplished. The main objectives for Shaanxi's economic work in 1996 include the following: The province's GNP will increase by 10.5 percent, the commodity retail price will be controlled within the scope of 13 percent, and the natural population growth rate will be less than 12 per thousand. Arranging Shaanxi's 1996 economic growth at a rate higher than the national level is the essential demand in seizing the opportunity, making full use of central policies and measures for supporting the rapid development of middle and west areas, and taking the first step of successfully carrying out the Ninth Five-Year Plan. This arrangement also reflects the strong desire of the broad masses of cadres and people across the province in expediting development and invigorating economy. We should further deepen the recognition of the importance and urgency of the "two changes," dominate the next year's overall economic work with the spirit of the "two changes," deepen reform, and expedite development.

First, we should further accelerate the reform step and make greater progress in changing the system. This is the fundamental channel for resolving the deep-seated contradictions and problems which exist in Shaanxi's economic life, promoting development, and enhancing efficiency. State-owned large- and medium-sized enterprises are the central link of reform, and the priority of reform is to establish the modern enterprise system. We should also accelerate the step of formulating the policies and measures for the social security system and other coordinated reforms. We should deepen the reform of rural areas, finance, banking, foreign trade, circulation, and other fields; further improve economic relations, and standardize economic behaviors.

Second, we should grasp the two links of scientific and technological progress and scientific management as well as unceasingly increase the quality and efficiency of economic growth. Under the socialist market economic system, we should establish the strategic position and leading role of scientific and technological progress and scientific management in the course of changing the economic growth mode, bring economic growth into the orbit of relying on scientific and technological progress and raising the quality of laborers, and strive for better efficiency, production potentials, and market competitiveness through better management.

Third, we should give play to economic advantages and devote great efforts to fostering the pillar industries. In order to proceed from the reality, Shaanxi Province should regard the six industries of machinery, electronics, energy, food, medical chemistry, and architecture as priority; adopt effective measures, add impetus to investment, and accelerate the step of technological transformation of a number of select major backbone enterprises which have actual strength and vitality and whose products have competitiveness and good economic efficiency; and impel them to develop into the pillar industries for Shaanxi's economic development as soon as possible.

Fourth, we should increase the impetus of opening up to the outside world and strive to enhance the level of opening up to the outside world. We should carry out various policies and measures for "using opening up to promote exploitation and using exploitation to seek development" in necessary places, distribute resources on a wider scale, reorganize essential production factors, and establish an open economy. In the course of actively expanding exports, we should increase imports to a larger extent, accelerate the step of the technological transformation of the traditional industry, and take a new path compatible with Shaanxi's actual opening up, exploitation, and development.

Fifth, we should attend to macroeconomic regulation and control as well as create a good economic environment. We should accelerate the step of changing the government's functions, expedite the economic legislation, enforce the discipline of finance and economics, and create a standardized, and orderly economic development environment for fair competition. We should unceasingly regard controlling the price level and inflation as the priority task of macroeconomic regulation and control as well as strive to realize the objectives and demands for controlling Shaanxi's price increase.

### III. We Should Pay Attention to Work Priorities and Strive To Realize Next Year's Comprehensive Economic Growth

We should regard enhancing economic efficiency as the central task of next year's economic work, concentrate our efforts on grasping key points, and strive to successfully carry out the following six tasks.

#### 1. We should strengthen agriculture's foundation position and realize the steady growth of agricultural production.

Shaanxi Province has been successively hit by the appalling drought, so the grain production has been successively decreasing. This greatly affects the development of the economy, including the rural economy. Hence, realizing the steady growth of agricultural production is the foundation for fulfilling the objectives and tasks for next year's provincial economic development as well as the key and difficult points of economic work. We should firmly establish the ideology of regarding agriculture as the foundation, put agriculture in the first position of economic work, dominate the overall rural work with the goal of leading people to have a relatively comfortable life, and concentrate our effort on successfully carrying out the following four tasks: First, we should strive by every possible means to fight for next year's bumper harvest in grains and strive to restore the total output to 12 billion kg. Second, we should go all out for the farmland capital construction, grasp the renovation and reconstruction of the water conservancy facilities of some key irrigated regions as well as the initiation of new and key water conservancy projects, energetically support the water conservancy undertakings run by the people, and guarantee that the effective irrigated areas will be unceasingly increased. Third, we should energetically develop a diversified economy, continuously readjust the industrial structure, accelerate the progress of agricultural industrialization, and enhance agricultural economic efficiency to a large extent. Fourth, we should uphold the guiding principle of combining the efforts of the state, collectives, and individuals as well as guarantee that next year's agricultural investment will be significantly increased over that of this year.

The crux of developing agriculture is to boost and protect the enthusiasm of peasants. We should stabilize the land contracting relationship, and invigorate the mechanism for transferring the land use rights by auctioning off "four kinds of wasted lands." We should realistically resolve the issues—the high price of chemical fertilizers, the low price of fixed-quota purchase of grains, and peasants' heavy burden. We should resolutely carry out the relevant policies and regulations of the central authorities and Shaanxi Province on alleviating peasants'

burden as well as realistically control peasants' burden within the stipulated proportion.

Food and clothing problems for 4.5 million people in our province have not been adequately resolved up until now. In order to conscientiously carry out the "plan of using seven years to solve food and clothing problems for 5 million people stricken by poverty," we should lay focus on the poorest areas in southern and northern Shaanxi and resolve the issue of making 700,000 people shake off poverty during next year.

#### 2. We should accelerate the step of reforming state-owned enterprises as well as raise the quality and efficiency of industrial production.

The reform of state-owned enterprises has a bearing on the progress, success, and failure of the entire economic system reform and modernization drive. The crux at present is to further emancipate the mind, integrate the guiding principles and policies of the central authorities with Shaanxi's reality, and pay attention to the following three tasks. A. We should accelerate the experimental work of establishing the modern enterprise system. For 128 experimental enterprises, we should exert great efforts to bring forth new ideas in the system, change mechanisms, strive to make breakthroughs, gain experience, and use this experience to guide the remaining enterprises. B. We should have substantial progress in "grasping big enterprises and relaxing control to enliven small ones." To grasp big enterprises means to concentrate efforts on grasping 100 superior enterprises and 43 big enterprise groups as well as to give play to their backbone and promotion role. Relaxing control on small enterprises is aimed at relaxing control to invigorate small enterprises and adopting any method which is effective and can enliven them. C. There should be a significant increase in the economic efficiency of industry. We should closely integrate reform, reorganization, and technical transformation with the strengthening of the enterprise management to first resolve the issue of a number of deficit-ridden enterprises.

#### 3. We should relax control to develop the nonstate-owned economy and foster new economic growing points.

Developing the nonstate-owned economy is the strategic measure for narrowing the gap between our province and eastern coastal provinces. We should energetically develop the township enterprises that practice the shareholding partnership; continuously support the development of "three types of foreign-funded enterprises" as well as of collective, private, and individual economic sectors; encourage scientific and technological personnel to run and take the lead in running nongovernment scientific and technological enterprises; and unceasingly

increase the proportion of nonstate-owned economy in the whole economy.

**4. We should adopt effective measures and control the price increase within the desired plans.**

At present, we should realistically do a good job in the market supply and price management for the New Year and Spring Festival, resolutely crack down on the illegal behaviors of jacking up the price and swindling and forcibly monopolizing the market, and maintain the basic stability of prices.

**5. We should rectify financial and economic discipline and do a good job in increasing financial revenues and cutting down expenditures.**

The basic way for grasping finance is to develop economy, foster financial sources, and increase revenues. At the same time, we should grasp the work of collecting taxes and cutting down expenditures. The departments of the finance, taxation, bank, auditing, and supervision should strengthen supervision and management as well as give stern blows to the tax cheating and evasion and the criminal activities in the fields of finance, taxation, and banking. In brief, through rectifying financial and economic discipline, we should establish the normal economic order as well as guarantee the relatively fast growth of financial revenues and the effective control of expenditures.

**6. We should successfully carry out key projects and strengthen economic strength.**

A number of key projects have been arranged in next year's provincial plan, including infrastructure facilities, basic industries, and development of superior resources. Grasping these projects is of great significance in realizing the Ninth Five-Year Plan and promoting the development of the next 15 years. Provincial-level leaders should carry out the system of taking responsibility for key projects. Various districts and departments should make concerted effort to resolve the difficulties and problems which happen in the course of building projects, quicken the pace of building projects, fulfill tasks on schedule, and enable these projects to play their role as soon as possible.

**IV. We Should Strengthen Leadership, Improve Work Style, and Relentlessly Grasp Implementation**

Strengthening and improving the party's leadership over the economic work, further changing the work style, and grasping work implementation are the crux which has a bearing on whether we can seize the opportunity, deepen reform, expand opening up, strengthen development, and successively fulfill next year's various tasks.

First, we should strengthen study and raise the level of leading economic work.

To raise the level of the leading members of the party committee in leading the economic work, we should strive to study and grasp Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the scientific outlook on the world and methodology of dialectical and historical materialisms which run through Comrade Deng Xiaoping's writings. We should make special effort to study the basic knowledge on the socialist market economy and the modern economic management knowledge. We should learn from experts, specialists, and the masses in an effort to raise the ability and level of controlling the market economy.

Second, we should mobilize the efforts of various sectors and make concerted efforts to grasp the economic work.

We should support the people's congress to carry out work in line with economic construction. The organizations of the Chinese People's Political Consultative Conference should actively participate in the discussion and administration of state affairs in line with the rules and regulations as well as give counsel to economic construction. The discipline inspection, supervision, industry and commerce, taxation, public security, procuratorial, and judicial departments should give full play to their functional role and really serve economic construction. The trade union, the Communist Youth League, the women's federation, and other mass organizations should also extensively establish contacts with and mobilize the masses to make contribution in the course of economic construction.

Reform and construction are the undertakings of thousands of millions of people, and the masses are the main force of reform and construction. Therefore, the more we carry out reform and construction, the more we should embrace the mass viewpoint and care for the sufferings of the masses. This is one of the basic principles for leading economic work which Comrade Mao Zedong called for us to grasp. At present, we should lay great stress on resolving the issue of the difficult living of the peasant households who have been hit by natural calamities and of the staff members and workers who work in difficult enterprises of urban areas.

Third, we should strengthen the construction of leading bodies and provide an organizational guarantee for economic development. For the leading bodies which have been disunited for a long time as well as the leading bodies and their members who have no pioneering spirit and fail to lead the masses to wholeheartedly carry out economic construction, they should be given criticism

and education. For those who fail to correct their mistakes, they should be reshuffled or demoted. We should promote to leading posts at various levels the cadres who have the courage to forge ahead, honestly perform their duties, have a good understanding of economy, and know how to manage. We should change as soon as possible the situations that some leading bodies have irrational structure, their members are old, and they are not good at leading economic construction.

Fourth, we should carry out the work responsibility system and grasp its implementation in a down-to-earth manner.

We should define the responsibility for various policy decisions and issues which the provincial party committee and government have made and decided as well as assign tasks to places where needed. Leading cadres at all levels should consciously resist the influence of "red lanterns and green wine" and use the unique work style of Communists in wholeheartedly working for people's interests to unify the will of the people, lead the contingent, and achieve very good results together.

The year 1995 will go soon, and a new year will come soon. Therefore, under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, let us regard Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as the guidance, unify ideology, give consideration to the overall situation, strengthen coordination, do work in a down-to-earth manner, and strive to successfully fulfill various tasks for next year and for the time to come.

**PRC: Shaanxi Holds Planning Work Conference 7 Jan**

*SK2401074696 Xian SHAANXI RIBAO in Chinese*  
*8 Jan 96 p 1*

[FBIS Translated Text] The provincial planning conference was held in Xian on 7 January. Provincial leaders, including An Qiyuan, Zhang Boxing, Zhou Yaguang, Liu Ronghui, Li Huanzheng, Ren Guoyi, and Zhang Heling, attended the conference. Governor Cheng Andong made an important speech. Vice Governor Pan Liansheng presided over the conference. Tang Jizuo, director of the provincial planning commission, gave a report on the province's 1996 economic and social development plan.

In his report, Tang Jizuo touched on 10 problems. He analyzed the province's implementation of the 1995 plans, proposed the guiding ideologies for 1996 plans and the macroeconomic control targets, and set forth specific measures for strengthening the agricultural ba-

sis, raising the economic efficiency of industry, strengthening the construction of key projects, curbing inflation, raising the quality of foreign trade, effectively using foreign capital, accelerating the industrialization of scientific and technological achievements, developing educational undertakings, upholding the sustainable development, and successfully effecting "two fundamental changes."

Cheng Andong gave an important speech, entitled: "Unify Thinking, Make Joint Efforts, Exert Oneself To Forge Ahead, Seek Actual Results, and Strive To Achieve a New Leap at the Turn of the Century." In his speech, Cheng Andong first touched on the difficulties facing the province's economic development. He said: The two successive years of sustained drought and the shortage of water and power have brought great difficulties to industrial and agricultural production and to the people's living. The current prominent problems are as follows: First, our province is one with a big population in the western part of China; its economic scale is relatively weak and small; the average per capita GNP is only 2,850 yuan; the average per capita grain is 259 kg; the average per capita income of urban residents and peasants is much lower than the national average; the ability of the masses to withstand the strains of reform is fairly weak; and the difficulties in reform are relatively big. Second, restrictions caused by water are very serious. There is a shortage of water resources; water has not been fully used; water regulatory functions are poor; and urban areas are seriously short of water. Third, it is difficult to greatly change the "bottleneck" restriction situation in communications and energy within a short period of time; railway transport cannot meet the needs of economic development, making it difficult to deliver coal and agricultural by-products to other localities. It is difficult to fundamentally ease the shortage of power supply within a short period of time. Fourth, the agricultural foundation is weak; the food problem cannot be steadily solved; and the average per capita grain is lower than the national average. Fifth, superior enterprises are weak and small; scale advantages and regional advantages have not been formed. Sixth, structural contradictions are very prominent; enterprises mechanisms are not flexible; efficiency is poor; and the number of newly rising industries small. Consumer goods are backward, the quality is low, the consumption for producing these products is high, and the problem of fighting for resources and equipment has not yet been solved. The organizational structure of enterprises cannot meet the demands of the socialist market economy.

After analyzing the province's existing difficulties and problems, Governor Cheng pointed out: We should firmly cultivate the ideology of accelerating devel-

opment. Judging from the central demands and the province's practice, we already have the conditions for accelerating development: 1) The macroeconomic control target has basically been realized and the central authorities have given special emphasis to the economic development of the central western China region. 2) Since reform and opening up, we have accumulated potential for accelerating the province's development. 3) The county economy have entered a period of accelerated development; the project to "make gas, telephones, and postal facilities available" has created conditions for developing the county economy; and township enterprises have entered the stage of developing themselves through self efforts. 4) The Guanzhong High and New-Tech Industrial Development Zone has received the great attention of the state; the Xian High and New-Tech Development Zone has been listed as the state's major development zone. 5) New progress has been made in reform and opening up. Under the situation in which the introduction of foreign capital has declined throughout the country, Shaanxi Province succeeded in introducing \$410 million yuan in foreign capital last year, an increase over the previous year.

Cheng Andong continued: We should deepen reform and concentrate efforts on realizing "two fundamental changes." He should particularly stress the following issues.

1. We should march towards the socialist market economy without turning back. We should correctly approach the problems of disparities in trade and unfair distribution arising in the market economy, and should not waver in this aspect because of the emergence of problems. We should strengthen confidence in framing the socialist market economy.

2. We should regard building a modern enterprise system as the target, and should accelerate the pace of state-owned enterprises to march towards the market economy.

3. We should develop new economic growing points and serve the 21st century. State-owned enterprises and private enterprises should operate in line with the new mechanism. We should vigorously develop enterprises of various economic sectors, uphold the principle of allowing the state-owned economy to coexist for a long time and seeking joint development, and increase the new economic growing points.

4. We should accelerate the technological transformation of old enterprises, give greater emphasis to the technological transformation of old enterprises, and give priority to grasping 405 large enterprises. Old enterprises with poor efficiency may be rejuvenated and vitalized through cooperation and amalgamation.

5. In planning work, we should grasp the total supply of funds. Planning departments should guarantee investment and avoid faults in investment projects. In the supply of funds, we should not practice equalitarianism. We should rationally and fully use natural resources. Industries that mainly deal with resources should develop themselves into high-tech and intensive processing industries.

6. We should not simply seek equilibrium, and should discover the joint point of macroeconomic and microeconomic equilibrium. Provincial and city planning departments should engage in research in this aspect.

In concluding this speech, Comrade Cheng Andong also gave specific opinions on making continued efforts to grasp the building of water, electricity, and road infrastructure facilities; on comprehensively establishing the important status of agriculture in economic work; on accelerating the reform of the planning system; and on strengthening the functions of macroeconomic regulation and control.

#### PRC: Shaanxi To Reform Province-Sponsored Institutions

OW2301024396 Beijing XINHUA in English  
0158 GMT 23 Jan 96

[FBIS Transcribed Text] Xian, January 23 (XINHUA) — Northwest China's Shaanxi Province is set to make significant reforms in non-profit institutions attached to the provincial government from 1996, in an attempt to adapt to national reforms, according to a local official.

Deng Li, director of the provincial Department of Personnel, made the remarks today while explaining that the province is set to develop a macro-economic control system, a registration system for legal persons, and the standardizing, systematizing, and legalizing the management of non-profit organizations within two years.

The reforms mainly concern political and large-scale organizations, people's congresses, people's political and consultative conferences, people's courts, and people's procuratorates at or below the provincial level.

Statistics show that the province has 47,000 non-profit organizations at or below the provincial level, with as many as 720,000 staff members, four times the figure for administrative departments themselves.

The organizations are separated into twelve categories in accordance with their social function and source of funding, in order to give proper emphasis to each during the reforms.

The reforms include: universities and colleges, specialized secondary schools and technical schools; gradual transformation of certain other institutions into enterprises; development of intermediaries such as information or consultation organizations, property appraisers, and law offices.

**PRC: Xinjiang Acting Party Secretary Interviewed**  
*OW1601150896 Urumqi Xinjiang Television Network  
 in Mandarin 1330 GMT 21 Dec 95*

[Interview with Wang Lequan, acting secretary of the Xinjiang Autonomous Regional Party Committee, by RENMIN RIBAO reporter (Zhu Qing) on 20 December; place not given — recorded; from the "Xinjiang News" program]

[FBIS Translated Text] [Zhu Qing] The central economic work conference has come to an end. What new considerations do you have for Xinjiang's economic development on the basis of the guidelines laid down by the central economic work conference?

[Wang Lequan] Well, the central economic work conference just ended. It was, in fact, an arrangement made by the Fifth Plenary Session of the 14th CPC Central Committee for us to successfully take the first step in 1996. The central economic work conference was actually a meeting in which the central authorities drew up an overall plan for the work to be done in 1996. Following are my impressions in association with the guidelines of the conference.

First, the central authorities further stressed that the task of first importance for next year's economic work is to continue to successfully promote agriculture. Never for a moment can we slacken our efforts to promote agriculture, which is the foundation of China's national economy. For next year's agricultural work, the central authorities are requiring the party and government chiefs at both provincial and municipal levels to expend great efforts on promoting agriculture and are requiring the party and government chiefs at county and city levels to concentrate efforts mainly on promoting agriculture in a bid to ensure that more bumper agricultural harvests are reaped next year.

In addition, a major issue discussed at the central economic work conference was about state-owned enterprises. While state-owned enterprises enjoyed considerable development in recent years, they faced a great deal of difficulties and problems when our socialist planned economy was shifting to the track of a socialist market economy. The central authorities required us to spend great efforts on successfully tackling the problems besetting state-owned enterprises next year in a bid to enable some enterprises facing difficulties to put an end

to a passive and difficult state of affairs and intensify the reform of state-owned enterprises.

Another point raised by the conference, it seems to me, is to further do a good job of macroeconomic regulation and control. In particular, the point involves commodity prices.

The central authorities made arrangements for general work to be done next year. This has many facets. However, according to my understanding, I am afraid that three major tasks remain most conspicuous and are, perhaps, more difficult than any others.

[Zhu Qing] Celebrations of the 40th founding anniversary of Xinjiang were over. RENMIN RIBAO dispatched a team of reporters to cover the event. What is your opinion of their reports on the celebrations? Please comment on how they can make further improvements.

[Wang Lequan] Well, it should be pointed out that RENMIN RIBAO made tremendous efforts to publicize Xinjiang's celebrations of its 40th founding anniversary. Not long ago, I and [words indistinct] expressed thanks to comrades in charge of the central authorities' press units and reporters participating in news coverage and propaganda activities of Xinjiang's celebrations of its 40th founding anniversary. It should be said that, as the mouthpiece and the most important news front of our party, RENMIN RIBAO did a very good job in publicizing Xinjiang. The Xinjiang Autonomous Region party committee, the Xinjiang Autonomous Region people's government, and peoples of all nationalities across Xinjiang were very satisfied. I also hope that you will convey our thanks to comrades in charge of RENMIN RIBAO.

[Zhu Qing] Xinjiang will surely have a new start in conducting its work in the first year of the Ninth Five-Year Plan. What new requirements or expectations will the Xinjiang Autonomous Region party committee or the Xinjiang Autonomous Region people's government bring for RENMIN RIBAO's propaganda.

[Wang Lequan] We very much hope all the large press units of the central authorities and, in particular, RENMIN RIBAO will publicize Xinjiang to all provinces and municipalities in China and to foreign countries through the front of public opinion in order that everyone may understand Xinjiang, that a way may be paved for Xinjiang to open its doors to the outside world, and that it may be more convenient for us to cooperate with other localities at home and open our doors to the outside world. I hope all our [words indistinct] and government departments can subscribe to this newspaper and frequently learn about some good working experiences and valuable information from it to guide our work and

successfully expedite Xinjiang's work. The year 1995 will soon end, and 1996 is about to begin. Now is a crucial moment for newspaper subscription work. There are still about 10 days left before the end of the year. I hope all localities will attach greater importance to the newspaper and strive to increase subscriptions so that our propaganda can cover a wider area. Thus, it will be helpful for Xinjiang to understand the situation across China in a timely manner.

#### **PRC: New Oil, Gas Field Discovered in Tarim Basin**

*OW1001163296 Beijing XINHUA in English  
1628 GMT 10 Jan 96*

[FBIS Transcribed Text] Urumqi, January 10 (XINHUA) — The petroleum department of northwest China's Xinjiang Uygur Autonomous Region has recently discovered another large oil and gas field in the northern part of the Tarim Basin.

Tests from four exploratory wells showed that the oil and gas field is rich in reserves. One of the wells produced 218 tons of crude and 177,000 cu m of gas daily.

The oil-and gas-bearing structure of which the field is a part, extends for 50 km, according to a local source.

The Tarim Petroleum Production Headquarters have verified nine oil and gas fields, 24 industrial oil-bearing structures, and a group of high-yield oil and gas wells thus far.

According to an expert here, much bigger oil and gas fields are expected to be found in the area over the next two years.

#### **PRC: Xinjiang Ethnic Minorities Growing Cotton**

*OW2301030996 Beijing XINHUA in English  
0224 GMT 23 Jan 96*

[FBIS Transcribed Text] Urumqi, January 23 (XINHUA) — A large number of households, of various ethnic groups, have emerged as specialized cotton growing families in the Xinjiang Uygur Autonomous Region, one of China's major cotton producers.

According to Yushan Ashan, a farmer who has contracts for more than 100 ha [hectares] of reclaimed land in Halata Township of Aksu City, his income from growing cotton was 1.5 million yuan (about 180,000 US dollars) in 1995, thanks to a loan from the township authority to help him do large-scale planting and because of rising cotton prices.

Yushan says that he respects Wang Guoze, another farmer in Halata who runs the biggest household farm

in the autonomous region. Having gotten contracts on 450 ha of land and having picked over 1,300 tons of cotton, Wang's income in 1995 was expected to reach 6 million yuan.

In Cangtamu Village, Xayar County, every household can be regarded as a specialized cotton growing family, and 70 percent of them have an annual income over 100,000 yuan from cotton, according to Liu Dajun, a village official.

"Per ha output in my township is more than 1,500 kilograms of ginned cotton, twice the country's average, thanks to the upgrading of cotton growing technology", explained Yushan Zayid, deputy head of Halata Township.

#### **PRC: Xinjiang Company Seeks Shares Subscribers**

*OW2301161796 Beijing ZHONGGUO XINWEN SHE in English 1238 GMT 23 Jan 96*

[FBIS Transcribed Text] Urumqi, January 23 (CNS) — Zhonghe Shareholding Co. Ltd., the first Xinjiang company to obtain a listing on the Shanghai Stock Exchange, is seeking subscribers for its shares in Urumqi, the provincial capital of Xinjiang until February 3.

On offer are 22.5 million RMB [Renminbi] 1.00 ordinary shares at an issue price of RMB 4.20 per share. Zhonghe in collaboration with 10 major local banks will accord first priority to account holders who subscribe for the shares. In case of an oversubscription, lots will be drawn to ascertain entitlements.

The company, which was first established in 1958 and renamed Zhonghe in a 1993 corporate reorganisation, is a major supplier of aluminium and alloys. The Xinjiang Government, one local firm and two Shenzhen-based enterprises are its principal shareholders. For the year ended December 31, 1995, its assets were valued at RMB 349 million and sales topped RMB 300 million.

#### **PRC: Xinjiang Reports Official Discipline Cases**

*OW2201171396 Beijing ZHONGGUO XINWEN SHE in English 1213 GMT 22 Jan 96*

[FBIS Transcribed Text] Urumqi, January 22 (CNS) — In 1995, the number of complaints against local government officials received by discipline & inspection bureaus in Xinjiang rose by 10 percent to 25,000 with 242 allegations of extravagant expenditure of public funds on lavish meals being investigated.

As a result of investigation over 160 cadres, including 29 cadres at county level, were disciplined for misuse public funds. They were required to reimburse RMB [Renminbi] 110,000 to the government. Investigations

of alleged corruption offences against certain high-ranking cadres are still ongoing.

In addition, 165 out of 204 sedan cars which were found by investigators to be "too luxurious and incommensurate with the genuine official ranks of the cadres concerned" were either sold, returned or replaced.

According to a source, a high proportion of the complaints were made against Party cadres as well as officials of the judicial, law enforcement, economic, finance

and project development departments. During the year, 2500 corruption related complaints were substantiated resulting in 1,700 cadres being disciplined, of whom 116 were cadres at county level or above.

In addition, the local government also cracked down on 170 illegal and unauthorised turnpikes, abolished arbitrary charges imposed on students and farmers and issued stern warnings against the repetition of the illegal misappropriation of property belonging to the public.

**PRC: Jiang's Policy Speech on PRC-Taiwan Reviewed**

*OW3001065496 Tokyo KYODO in English  
0635 GMT 30 Jan 96*

[FBIS Transcribed Text] Beijing, Jan. 30 KYODO — The Communist Party-run PEOPLE'S DAILY [RENMIN RIBAO] on Tuesday criticized Taiwan's leadership and warned it to make a full commitment to a "one China principle" or face the consequences.

The warning came on the first anniversary of Chinese President Jiang Zemin's eight-point policy speech on China-Taiwan reunification.

In two signed commentaries appearing in domestic and overseas editions, the daily maintained the importance Jiang's speech played in the cause of national reunification and emphasized Beijing's vow to use force if Taiwan persists in carrying out activities viewed as creating "two Chinas, or one China, one Taiwan."

"If (Taiwan president) Li Teng-hui is continually allowed to tread down the road toward splitting the country, not only will he bring harm to peaceful reunification, but it will also unavoidably bring disaster to the Taiwan people," the overseas edition said.

Calling the speech "of deep historical significance," the paper indicated the weight the speech carries to the stable transition of China's post-Deng Xiaoping leadership, while stressing the length China's new leaders will go to ensure that Jiang's policy on Taiwan does not fail.

"President Jiang's important speech is the leading document of the Communist Party and government in the new era concerning the settlement of the Taiwan question and is also the standard in the present period for developing relations between the straits and pushing forward the peaceful reunification process," it said.

The articles, jointly prepared with the Taiwan Affairs Office of the State Council, said Taiwan's acceptance of the "one China principle," put forward in Jiang's speech, was the focal point of Beijing's "struggle" with Li.

"In essence it also represents the struggle between those forces on both sides of the straits sharing the common wish of national reunification and the protection of the interests of the Chinese nation and the 'Taiwan independence movement' and the分裂ist forces," it said.

Since the nationalist government fled the mainland in 1949 following China's civil war, Beijing has considered Taiwan as a renegade province and worked to isolate it internationally, while both sides have expressed hopes for an eventual reunification.

The paper said tensions across the Taiwan strait have mounted since Jiang's speech, due to Li's June 1995 visit to the United States, which it said was tantamount to "creating two Chinas," and his refusal to respond adequately to the main points in Jiang's speech.

"He refused to reply to proposals in President Jiang's speech to 'end the hostile situation' across the straits and begin consultations, he completely violated the one China principle and wantonly trumpeted the erroneous theory of 'splitting the country and dividing the government,'" it said.

**PRC: Li Peng Castigates Taiwan Separatists**

*OW3001085496 Beijing XINHUA Hong Kong Service in Chinese 0643 GMT 30 Jan 96*

[By reporter Chen Jianshan (7115 1696 1475)]

[FBIS Translated Text] Beijing, 30 Jan (XINHUA) — Li Peng, member of the Standing Committee of the CPC Central Committee Political Bureau and premier of the State Council, stressed today: Our struggle against separation and Taiwan independence will not cease even for a single day so long as the Taiwan authorities continue activities to split the motherland. The responsibility for all the consequences arising from their activities will, of course, be borne by certain leaders of the Taiwan authorities, who engage in separatist activities.

The remarks were made by Li Peng at a forum held here to mark the first anniversary of Jiang Zemin's speech "Continue To Promote the Reunification of the Motherland."

In his speech entitled "Accomplishing the Great Cause of Reunification of the Motherland Is the Common Wish of All Chinese People," Li Peng said: The important speech made by Jiang Zemin on 30 January last year has been warmly welcomed by Chinese at home and abroad, attracting great attention in the international community and having a far-reaching impact on the promotion of cross-strait relations and reunification of the motherland. However, certain leaders of the Taiwan authorities, by continuing to stick to their policy of splitting the motherland, resisting the one-China principle, ignoring the righteous national cause, intensifying activities to make use of and to be used by foreign anti-China forces, and calling for efforts to win space for existence in a bid to create "two Chinas" or "one China, one Taiwan," have directly disrupted the basis for the development of cross-strait relations and caused a serious setback and retrogression in cross-strait relations.

He pointed out: The perverse acts of certain leaders among the Taiwan authorities have brought about a

state of instability to cross-strait relations, which has directly endangered economic development and social stability in Taiwan and harmed the vital interests of Taiwan compatriots.

Li Peng said: Recently, the Taiwan authorities have intentionally created a false impression that cross-strait relations are easing, while they are, in fact, intensifying their efforts to create two Chinas by vigorously engaging in elastic pragmatic diplomacy and buying military equipment without restraint. This can only prove that the relaxation they talked about is false and that their engagement in promoting Taiwan independence is true. Their schemes will fail.

He said: Those who engage in promoting Taiwan independence are arch-criminals who undermine China's reunification, and it serves no good purpose to provide any explanation. Since June last year, the Chinese people have waged a struggle against separation and Taiwan independence. This demonstrates their determination and ability to safeguard China's sovereignty and territorial integrity. Cross-strait relations will develop normally only after the Taiwan authorities have abandoned efforts to create "two Chinas" or "one China, one Taiwan" not only in words, but also in deeds.

**PRC: Li Peng Reaffirms Policy on Taiwan Reunification**

OW3001102796 Beijing XINHUA in English  
0905 GMT 30 Jan 96

[FBIS Transcribed Text] Beijing, January 30 (XINHUA) — Chinese Premier Li Peng today reaffirmed the view that there is only one China and that no matter how the method of choosing Taiwan's leaders changes, the fact that Taiwan is an inalienable part of Chinese territory and its leaders are only leaders of one region of China cannot change.

Li made these remarks at a meeting here this morning to mark the first anniversary of a speech on reunification of China made by Jiang Zemin, general secretary of the Central Committee of the Communist Party of China (CPC) and president of China.

He said that the sovereignty of a nation belongs to all its people. The sovereignty of China, which includes the region of Taiwan, the Penghu Islands, Jinmen and Mazu, belongs to over 1.2 billion Chinese people who include the Taiwan compatriots. That sovereignty does not belong exclusively to a certain portion of people on Taiwan and shall never be altered by them, he stressed.

Li noted that a few people attempting to use the changeover of Taiwan's leaders as an excuse to give

their divisive activities a legal guise will get them nowhere.

Any anti-Chinese foreign power that tries to use that same thing as a pretext for interfering in China's internal affairs and supporting "Taiwan independence" will be firmly opposed by the Chinese Government and all the Chinese people, he said.

"Any attempt to set the interests of the Taiwan compatriots against the interests of the Chinese nation as a whole is doomed to fail," he stressed.

In resolving the Taiwan issue, it is essential that China's own affairs be handled well, Li said.

He explained, "We must adhere to Deng Xiaoping's theory of building socialism with Chinese characteristics and the basic line of the Party and build China into a modern country with political stability, sustained economic growth, and overall development as well as comprehensive national strength."

"We must pursue an independent foreign policy of peace, oppose hegemony and power politics, increase exchanges and cooperation for development with countries all over the world on the basis of the five principles of peaceful co-existence, and contribute to the cause of world peace, development and progress," he continued.

He said that during the period of the Ninth Five-Year Plan for National Economic and Social Development (1996-2000), the Chinese government will resume the exercise of sovereignty over Hong Kong and Macao.

Therefore, settling the Taiwan issue and achieving total reunification of the motherland will be prominently put in front of all the Chinese people, he said.

Li urged the Chinese people on both sides of the Taiwan Straits to work together for reunification. "A united, strong and powerful China will make even greater contributions to the cause of peace and development for mankind," he said.

**PRC: Li Peng Says Taiwan Leaders Only Regional Leaders**

OW3001064496 Beijing XINHUA Hong Kong Service in Chinese 0245 GMT 30 Jan 96

[By reporter Chen Jianshan (7115 1696 1472)]

[FBIS Translated Text] Beijing, 30 Jan (XINHUA) — Li Peng, member of the CPC Central Committee Political Bureau standing committee and premier of the State Council, stressed here today: Whatever changes might occur in the way in which the leadership in Taiwan is chosen, they cannot change the fact that

Taiwan is a part of China's territory and its leaders are only leaders of a region in China.

He made the remarks at a forum to mark the first anniversary of an important speech on the continuing struggle for promoting the realization of the great cause of the motherland reunification by Jiang Zemin, general secretary of the CPC Central Committee and president of China.

Li Peng said that, for some time, the issue of the way in which the leadership in Taiwan is chosen has elicited widespread attention among the Chinese at home and abroad. He reaffirmed: There is only one China in the world. Taiwan is an inalienable part of China. The state's sovereignty belongs to all the people of that state. The entire China's sovereignty, including the areas of Taiwan, Penghu [Pescadores], Jinmen [Kinmen], and Mazu [Matsu] belongs to all 1.2 billion Chinese people as well as to Taiwan compatriots; it absolutely does not belong to some people on Taiwan and it absolutely brooks no change by some people on Taiwan.

Li Peng stressed: It would be a completely futile effort for some people to attempt to use the change of Taiwan leaders as an excuse to put their splittist activities in a so-called legal guise. Any foreign anti-Chinese forces that try to use it as a pretext to interfere in China's internal affairs and to support "Taiwan's independence" will surely be firmly opposed by the Chinese government and all the Chinese people. Any attempt to put the interests of Taiwan compatriots against the overall interests of the Chinese nation is doomed to failure.

Today's forum was jointly sponsored by the CPC Central Committee Taiwan Affairs Office, the State Council Taiwan Affairs Office, the Taiwan Democratic Self-Government League, the China Council for Promoting Peaceful Reunification, the Taiwan, Hong Kong, Macao Compatriots and Overseas Chinese Committee under the National Committee of the Chinese People's Political Consultative Conference, the All-China Federation of Taiwan Compatriots, and the Association for Relations Across Taiwan Straits.

#### **PRC: Li Teng-hui Position on Reunification Criticized**

OW3001110496 Beijing XINHUA Hong Kong Service in Chinese 0711 GMT 30 Jan 96

[FBIS Translated Text] Beijing, 30 Jan (XINHUA) — A signed article published by the RENMIN RIBAO overseas edition today emphatically points out that the important speech, Continue to Work Hard to Promote the Completion of the Great Cause of the Motherland's Reunification, delivered a year ago today by Jiang Zemin,

general secretary of the CPC Central Committee and state president, is a document that sets out the program by which the CPC and the Chinese Government can settle the Taiwan issue in the new period, and is also the standard for pushing forward progress on peaceful reunification.

The article says that looking back on the development of cross-strait relations and changes in the political situation on Taiwan island over the past year, people feel deeply that the speech contains rich and profound ideological connotations, expresses in a concentrated manner the will of the people on both sides of the strait, and is exerting, and will continue to exert, a far-reaching effect on cross-strait relations and the motherland's reunification.

The article points out that Li Denghui (Li Teng-hui) has paid no attention to the genuineness and sincerity of the Chinese CPC and the Chinese Government and has not taken into consideration the ardent expectations and strong demands of the people on both sides of the strait. After emptily making known his position, he put forward as a response in early April last year the so-called six-point proposals. In the six-point proposals, Li Denghui avoided real issues, dwelt on the abstract, and refused to give a response to the proposal to hold talks between the two sides of the strait to put an end to the hostile situation, and a series of other proposals put forward in President Jiang's speech. He totally violated the one China principle and wantonly advocated the fallacy of splitting and dividing to rule. He continued to prevaricate on issues involving the vital interests of compatriots on both sides of the strait, such as the three direct exchanges (exchanges of mail, exchanges of air and shipping services, and exchanges through trade), on the pretext that such issues were complicated and needed further study. Moreover, Li Denghui even colluded with international anti-China forces with his farcical visit to the United States and openly stepped up the creation of two Chinas and one China, one Taiwan in the international community.

The article further points out that Li Denghui's acts to split the motherland have seriously damaged the normal development of cross-strait relations, hindered the progress of the motherland's peaceful reunification, and roused the righteous indignation of Chinese at home and abroad. Since June last year, compatriots on both sides of the strait, Hong Kong and Macao compatriots, and overseas Chinese abroad have conducted a mammoth struggle in various forms to oppose any split and oppose Taiwan independence. Anyone with breadth of vision who is concerned about China's reunification unanimously denounces Li Denghui's activities to split China, activities that run counter to the people's will and

to the fundamental interests of the Chinese nation. With his own words and deeds, Li Denghui has discarded any pretense of seeking the country's reunification and has put himself in a position antagonistic to all Chinese people, including the 21 million Taiwan compatriots.

The article emphasizes that upholding the one China principle is the focus of our struggle against Li Denghui. In essence it is a struggle between the forces that want to safeguard the country's unification, that represents the common will of the people on both sides of the strait and the fundamental interests of the Chinese nation, and the forces of Taiwan independence elements and split, and it is a struggle that has a bearing on whether China should move toward reunification or a split. The article says that in this struggle, the Chinese Government and the Chinese people have fully demonstrated the determination and ability [neng li 5174 0500] to defend the motherland's territorial and sovereignty integrity. The motherland's reunification and the Taiwan issue have become a hot issue about which various social strata in China are universally concerned. In light of the historical lesson that one hundred years ago the motherland's treasure island Taiwan was ceded as a result of the Treaty of Shimonoseki, and the tragic history of the vast territory of the motherland being trampled by Japanese troops more than half a century ago, people put greater value on the motherland's reunification and national independence, and their great indignation at traitors and all forces that want to split the country's territory has been aroused. Looking back over the past year at the overseas Chinese communities abroad, more and more patriotic overseas Chinese and Chinese have seen the true colors of Li Denghui and his work in the international community to encourage a split.

The article points out that on Taiwan island, opposition to any split and opposition to Taiwan independence has become louder and louder and Taiwan independence elements have become more and more unpopular. Various public opinion polls have shown that the degree of dissatisfaction with Li Denghui among the Taiwan people has reached its highest point in five years. Just by looking at the development of cross-strait relations over the past year, Taiwan compatriots have realized that the fundamental cause of tension and even retrogression in cross-strait relations is the violation of the one China principle by the Taiwan authorities headed by Li Denghui and his various activities to create two Chinas and one China, one Taiwan. However, the question of stable cross-strait relations will inevitably affect Taiwan's stability and prosperity, and affect the vital interests of Taiwan compatriots. If Li Denghui is allowed to go along the road toward splitting the country, dam-

age will be done to peaceful reunification and disaster will inevitably be brought to the Taiwan people.

**PRC: Reunification Policy Emphasized at Beijing Rally**

*OW3001104796 Beijing XINHUA Hong Kong Service in Chinese 0742 GMT 30 Jan 96*

[By reporter Chen Jianshan (7115 1696 1472)]

[FBIS Translated Excerpt] Beijing, 30 Jan (XINHUA) — Today, more than 400 people attended a grand rally in Beijing's Great Hall of the People to mark the first anniversary of the important speech on promoting the fulfillment of the great task of reunifying the motherland by Jiang Zemin, general secretary of the CPC Central Committee and president of the PRC.

Li Peng, member of the CPC Central Political Bureau Standing Committee and premier of the State Council; Li Ruihuan, member of the CPC Central Political Bureau Standing Committee and chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC); and Liu Huqing, member of the CPC Central Political Bureau Standing Committee and vice chairman of the Central Military Commission, attended the meeting. Li Peng gave an important speech. [quotations from Li Peng's speech omitted covered in refs]

Qian Qichen, member of the CPC Central Political Bureau and vice premier of the State Council, presided over the meeting.

Qian Qichen said: Over the past year, President Jiang Zemin's important speech won warm support from our compatriots on both sides of the strait, from Hong Kong and Macao compatriots and overseas Chinese, and from all people being concerned about China's reunification; and promoted the development of cross-strait relations. However, the Taiwan authorities headed by Li Teng-hui not only refused to comply with the people's wishes and public opinion and refused to give a positive response to the eight-point opinion and proposal, but also acted more perversely in the international arena to create "two Chinas" or "one China, one Taiwan," thus causing the current tense situation between the two sides of the strait and directly harming the fundamental interests of all the Chinese people, including Taiwan compatriots. It is natural that this has roused strong indignation among the 1.2 billion Chinese people. All Chinese people, including Taiwan, Hong Kong, Macao, and overseas compatriots, have been carrying out a mighty struggle against national division and Taiwan independence. This has fully demonstrated the Chinese people's firm determination and ability to defend their national sovereignty and territorial integrity.

Today's meeting was jointly held by the CPC Central Committee Taiwan Affairs Office; the State Council Taiwan Affairs Office; the Taiwan Democratic Self-Government League [TDSGL]; China Council for Promoting Peaceful Reunification; the CPPCC National Committee Liaison Committee of Taiwan, Hong Kong, and Macao Compatriots; All-China Federation of Taiwan Compatriots [ACFTC]; and the Association for Relations Across the Taiwan Straits [ARATS]. At the meeting, Qian Weichang, vice chairman of the CPPCC National Committee and vice chairman of the China Democratic League, spoke on behalf of democratic parties and All-China Federation of Industry and Commerce; Cheng Siyuan, vice chairman of the National People's Congress Standing Committee, spoke on behalf of people without party affiliation; Cai Zimin, chairman of the TDSGL, spoke on behalf of the TDSGL, ACFTC, and ARATS; and Li Qisheng, vice president of the All-China Federation of Trade Unions, spoke on behalf of the federation, the Chinese Communist Youth League Central Committee, and the national Women's Federation.

In their speeches, they all pointed out that Li Teng-hui's flagrant activities of creating "two Chinas" or "one China, one Taiwan" fully exposed his true features of betraying national interests, creating national division, and undermining the cause of national reunification by soliciting support from foreigners; and it is natural that all Chinese people, including Taiwan compatriots, will resolutely condemn and denounce him as strong indignation was roused among them.

They pointed out: Li Teng-hui completely caused the present stalemate and tension in cross-strait relations. If he still refuses to mend his ways, it is certain that Taiwan people will be pushed into the abyss of disaster.

Li Lanqing, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Wang Guangying, Li Peiyao, Luo Gan, Wang Zhaoguo, Sun Fuling, Wan Guoquan; and responsible people of the CPC Central Committee, State Council, and various departments concerned attended the meeting.

#### **PRC: Proposals Made on Trade Cooperation With Taiwan**

OW2901161896 Beijing ZHONGGUO XINWEN SHE in English 1225 GMT 29 Jan 96

[FBIS Transcribed Text] Beijing, January 29 (CNS) — The Vice secretary-general of the Association for Trade and Economic Coordination Across the Taiwan Strait, Deng Hao, revealed that the association had put forward new proposals to further develop trade and economic cooperation and exchange with Taiwan in the light of

the dramatic changes that had taken place across the strait.

Judging from the current situation across the strait, Mr. Deng Hao noted it was difficult to forecast the path of cross-strait exchanges after the so-called presidential election in Taiwan to be held in March. However work concerning Taiwan would centre on the following four sectors.

First, Taiwan investment would continue to be selectively introduced into the mainland. The investment will go into agriculture, scientific and technological industry and domestic trade. It will be directed into areas along the Yangtze River and into central as well as western areas.

Secondly, mainland industrial and commercial enterprises would arrange to visit Taiwan for exchange purposes.

Thirdly, increasing seminars on special topics would be held by business as well as by intellectuals across the strait in order to promote mutual understanding and cooperation in economic and trade matters.

Fourthly, non-governmental contacts together with economic and trade exchange across the strait would be enlarged. Channels for regular contacts between the two sides have so far been set in place — the Coordination Association is one of these channels. Mr. Deng said that the association had taken part in preparations made by the Taiwan Affairs Office under the State Council and by the Association for Relations Across the Taiwan Strait for cross-strait arbitration of economic affairs and trade. The Coordination Association would also take the initiative in arranging cross-strait commercial affairs including holding commodity exhibitions in Taiwan by mainland businessmen and the establishment of non-government business representative offices.

#### **PRC: Media Criticizes Taiwan Authorities on Nimitz Affair**

OW2901133696 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0904 GMT 27 Jan 96

[Special article" by Hong Kong ZHONGGUO TONGXUN SHE reporter He Shan (4421 1472)]

[FBIS Translated Text] Hong Kong, 27 Jan (ZHONGGUO TONGXUN SHE) — Hong Kong press pointed out today that the Taiwan authorities' intentional leak of the news of the U.S. Aircraft Carrier Nimitz's passing through the Taiwan Strait last month was designed to assuage the frayed nerves of the populace caused by cross-strait tension. Taiwan mass media splashed that news on 26 January. However, the

Hong Kong press said that Taiwan's attempt to "rely on foreigners to boost its own standing" and to draw a third party into cross-strait matters will not bode well for all parties on both sides of the strait.

According to several Hong Kong papers, a Taipei official intentionally leaked the news to the media of the unusual passing through the Taiwan Strait last month by the Seventh Fleet's Nimitz. They said this was designed to mollify the populace. However, to avoid giving the impression to the outside world that Taipei is "relying on foreigners to enhance its standing," the relevant official asked the mass media to stress the news source was from the United States when they reported it. It is like "foreign news for domestic consumption" which was "reluctantly confirmed" by Taiwan officials. Later, Taiwan's Foreign Affairs Ministry and Mainland Affairs Council officials also stressed that the U.S. move is not inappropriate and is in the common interests of Taiwan and the United States.

The Hong Kong press said Taiwan's act of relying on foreigners to boost its standing is nothing but a clumsy cover-up attempt that will only make the matter look more conspicuous. It also gives people more food for deep thought about Taiwan's attempt to involve a third party in cross-strait matters. In the "Finishing-Touch News," a MING PAO columnist likened Taiwan officials' leaking the news to "a whistling night walker who tries to pluck up his courage." However, one must know that the Cold War is over. It is true that the United States intends to contain China. However, will it risk a face-off with a populous China for Taiwan, which is thousands of miles away. Anyone with a little common sense doubts that. Seen from another perspective, the article also said that even if Taiwan leaked the news, the ploy of waving the big U.S. flag like a tiger skin and of wrapping itself up like a tiger to fool others, is not at all clever.

A Hong Kong political commentator said the U.S. Seventh Fleet's return cruise to the Taiwan Strait was decidedly not a good thing; it was a worst policy. This "little trick" will only increase the probability of cross-strait frictions and will absolutely bode ill for the parties on both sides of the strait.

#### PRC: Fujian Policy Supports Increased Trade With Taiwan

OW2301161896 Beijing ZHONGGUO XINWEN SHE  
in English 1201 GMT 23 Jan 96

[FBIS Transcribed Text] Fuzhou, January 23 (CNS) — Fujian province has incorporated the further development of economic and trade ties across the Taiwan Strait

as a basic policy for the development of its economy in the next five years.

Strong economic and trade ties with Taiwan must be encouraged, Zhang Jiakun, Vice Governor said when outlining the province's blueprint for economic development.

Emphasising his province's geographical advantage in that it lies across the Strait from Taiwan, Mr. Zhang said Fujian would continue to expand economic co-operation with Taiwan. So far, the bulk of Taiwan investment on the mainland has gone into Fujian.

The province government, Mr. Zhang promised, would make efforts to grant domestic status to Taiwanese investors as early as possible. More investment choices would be offered and the scope of trade expanded.

According to the Vice Governor, who is in charge of Fujian's foreign trade and economic co-operation, the province is now seeking a breakthrough in the export of labour to Taiwan.

At present, preparation works as agricultural co-operative experiment base in Zhangzhou are in full swing; other projects including the introduction from Taiwan of fine seeds and breeding stock as well as agricultural technology and equipment on a large scale are under negotiation.

However, the official pointed out that the province's investment environment had to be further improved. He mentioned such problems as the present complicated application and approval procedures relating to construction projects, the inefficiency involved in border inspections as well as a variety of "unreasonable charges" imposed on foreign businesses.

Fujian, one of the first provinces to open to foreign investment, has benefited significantly from the open door policy. In 1995, it signed agreements on over 2,700 overseas funded projects with a total of contracted investment of US\$ 8.9 billion. Of which US\$ 4.08 billion was in place.

Foreign trade reached US\$ 14.6 billion last year of which exports accounted for US\$ 9.3 billion, up by 13 percent over 1994.

"The province expects exports this year to top US\$ 10 billion and the injection of overseas investment to reach US\$ 4 billion to permit Fujian to continue to lead the nation in these areas," the Vice Governor concluded.

**PRC: Hainan, Taiwan Increase Cultural, Economic Exchanges**

OW2501043496 Beijing XINHUA in English  
0344 GMT 25 Jan 96

[FBIS Transcribed Text] Haikou, January 25 (XINHUA) — Taiwan and Hainan, China's two island provinces, have stepped up their cultural and economic exchanges over the past years, according to an official at the Taiwan Affairs Office of Hainan Province.

He said that over the past four years some 1,000 companies from Taiwan have invested a total of 1.1 billion yuan in Hainan, the country's largest special economic zone.

In addition, Taiwan scholars from academic, press, scientific and cultural circles have come to Hainan frequently. Meanwhile, Hainan has sent drama troupes to entertain compatriots in Taiwan.

According to the official, businessmen from Taiwan are keen to invest in Hainan's farming sector because of the island's tropical climate and inexpensive labor.

Some 200 enterprises from Taiwan have invested in this sector over the past years.

A Taiwan investor who built a farm near Sanya City in Hainan, has turned it into a comprehensive agricultural development company with annual output value standing at four million yuan.

Hainan has promulgated a regulation in a move to safeguard Taiwan compatriots' equal treatment in the region, according to Li Yongchun, director of the local Taiwan Affairs Office.

He said that Taiwan compatriots will enjoy equal rights with local residents in such aspects as housing, medical care and education.

**Taiwan: Taipei To Adopt 'New Measures' In Cross-Strait Ties**

**OW3001024696 Taipei CNA in English  
0113 GMT 30 Jan 96**

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Jan. 29 (CNA) — The ROC Government will adopt new measures to achieve a breakthrough in relations across the Taiwan Strait following its first-ever direct presidential elections on March 23, Vice Premier Hsu Li-te said Monday [29 January].

Speaking at the opening session of the 1991 Taipei Roundtable, co-sponsored by the Chinatrust Commercial Bank and the US-based Center for Strategic and International Studies, Hsu said the ROC's next president will have strong popular support.

As it is the common desire of all ROC citizens to maintain peaceful relations with Mainland China, Hsu said, he believes the directly elected ROC president will adopt measures to promote constructive and mutually beneficial cross-strait ties.

Hsu did not elaborate on what those measures would be, but said the government is aiming mainly for the resumption of high-level talks between the two semi-official intermediary bodies on the two sides of the Taiwan Strait.

Cross-strait ties have remained at low ebb since ROC President Li Teng-hui made a private visit to the United States last June. Beijing considered Li's visit a move to promote Taiwan independence, and has since suspended semi-official cross-strait contacts.

"We hope to conduct friendly and beneficial dialogue with Mainland China because maintaining healthy cross-strait relations is vital to sustain development in the entire Asia-Pacific region," Hsu said, adding that he personally disagrees with Beijing's claim that cross-strait issues are part of its internal affairs. "A cross-strait military confrontation would certainly have a profound adverse impact on regional stability and prosperity."

Despite the absence of formal diplomatic ties, Hsu said, Taiwan and the United States share many common commercial interests. "We believe that the U.S. would reflect its attitude toward Taiwan in its foreign policy," Hsu said, adding that Taipei hopes to work hand-in-hand with the U.S. to maintain peace and stability in the Asia-Pacific.

Hsu stressed that the ROC Government has never abandoned its ultimate goal of reunification with the mainland. "Beijing's allegation that Taiwan is seeking

independence by holding direct presidential elections is totally wrong and unfounded."

Moreover, Hsu said, the end result of Taiwan's presidential election will be that new ideas and a new vision are brought to enhance the development of cross-strait ties.

Noting that Beijing's military intimidation would only hinder China's unification, Hsu urged mainland authorities to stop "meaningless ideological squabbling" and adopt a pragmatic approach in handling cross-strait issues.

Dozens of scholars, experts and parliamentarians from Taiwan and the United States participated in the one-day forum, which focused on the implications of the forthcoming U.S. and ROC presidential elections for Washington-Taipei-Beijing relations, as well as on leadership succession problems in Mainland China.

**Taiwan: Taipei Vows To Improve Ties With Mainland**

**HK3001072396 Hong Kong HONGKONG STANDARD in English 30 Jan 96 p 6**

[By Wu Zhong]

[PTS Transcribed Text for FBIS] Taipei held out an olive branch to China yesterday, vowing the island will take action to break the deadlock in its relations with China after the 23 March presidential election.

Taiwan's Vice-Premier Hsu Li-teh said that after the elections "the government will adopt new measures to prompt positive developments in relations between the two sides of the Taiwan Straits".

"What the people here hope for is the easing of tensions across the Taiwan Straits with international respect accorded to the country," Mr Hsu said.

His comments were made at the opening of a seminar on United States-Taiwan-China relations.

Mr Hsu stressed that whoever was elected president in the island's first direct poll for the post, would do something to resolve the impasse with Beijing.

"The new president will command strong support from the people, who hope to see an easing of relations with the mainland and a boost to our international dignity. So the future president will absolutely take measures to break the present deadlock," he said.

President Lee Teng-hui is expected to defeat his three rivals in Taiwan's first presidential election by universal suffrage.

Mr Hsu also vowed "the government will not deviate from the course of reunification" of China and Taiwan. He said that the actions will include working to resume semi-official talks with China, which were suspended after Mr Lee visited the US last June.

Yesterday, in what was seen as a first move, Taiwan's Education Ministry announced it would allow Chinese professionals and experts to teach in Taiwan for a maximum of one year as guest professors or instructors.

Interested and qualified mainland people can apply to teach here, the ministry said.

Mr Hsu said China is nervous about Taiwan's elections because the inaugural direct presidential vote has a "direct impact on the political system" of China.

Chan Chih-hung, planning director of the Mainland Affairs Council, Taiwan's top mainland policy planner, later said Taiwan is ready to hold peace talks with Beijing "if Beijing can renounce the use of force against us and accept the fact we are a political entity".

In another development yesterday, Taiwan announced Vice-President Li Yuan-tzu would visit Haiti for its presidential inauguration on 7 February, a trip which may need a stopover in the US and could upset China again.

China protested to the US earlier this month when Washington granted a transit visa to Mr Li, who flew via Los Angeles to the inauguration of the new Guatemalan president.

Meanwhile, China's semi-official China News Agency released a signed commentary to mark the first anniversary of President Jiang Zemin's eight-point proposal for peaceful reunification.

It said that Mr Jiang's proposal "is reasonable and in accordance with historical trends" of reunification.

The statement also criticised Lee Teng-hui for his resistance to open talks with Beijing on ending of the state of hostility.

"History will prove that the road of Taiwan's independence taken by Lee Teng-hui is a dead-end one, so only by returning to Mr Jiang's eight-point proposal will Taiwan have a bright future," it said.

#### Taiwan: Hsu Li-teh Says 'Nothing New' in Li Peng Speech

OW3001101396 Taipei CNA in English  
0936 GMT 30 Jan 96

[By Lillian Wu]

[FBIS Transcribed Text] Taipei, Jan. 30 (CNA) — Vice Premier Hsu Li-teh said Tuesday [30 January] that

there is nothing new in Mainland Chinese Premier Li Peng's words when he said that the winner of the first presidential election in Taiwan is only the leader of a region of China.

Hsu was responding to Li's words in Beijing that "no matter how the leader in Taiwan is chosen, it can not alter the fact that Taiwan is a part of China and its leader is nothing but a leader of a region of China."

Taiwan is scheduled to hold its first popular presidential election on March 23.

Hsu said that Li was only harping on the old tune, and there is nothing new in his words.

Hanseng Chien, director-general of the ruling KMT's department of cultural affairs, said that the existence of the Republic of China [ROC] is an undeniable fact, and the president elected should be regarded as ROC's president.

Tensions across the Taiwan Strait heighten in the run-up to Taiwan's first popular presidential election. Mainland China fears that the election would mean Taiwan's further drift away from the mainland.

#### Taiwan: Candidates Refute Li Peng's Remarks on Leaders

OW3001104196 Taipei CNA in English  
0957 GMT 30 Jan 96

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Jan. 30 (CNA) — Both presidential candidate Lin Yang-kang and his running mate Hao Po-tsung refuted Mainland Chinese Premier Li Peng's words that the ROC [Republic of China] president is "only the leader of a local government of China."

Lin told the media that Taiwan is a part of the territory of the Republic of China [ROC], not a local government under the PRC. Hao said the president of the ROC is the president of ROC, not the leader of a local government of Communist China.

Lin and Hao made the statement after they visited the Central Election Committee to register their candidacy for the upcoming presidential election in March.

#### Taiwan: PRC Army, Police To Suspend Spring Festival Holiday

OW3001050396 Taipei LIEN-HO PAO in Chinese  
26 Jan 96 p 5

[Report by reporter Chang Po-tung from Chupei]

[FBIS Translated Text] A number of Taiwan businessmen doing business on the Mainland and having connec-

tions with armymen and police there recently brought back the news that many Chinese Communist army and police units, which normally observe an 18-day Spring Festival holiday, have received orders to suspend the holiday.

The Taiwan businessmen who have returned home from the mainland recently do business on the Mainland, and know that cross-strait relations and the presidential election have always been topics of interest to both sides. For many years, almost all the army and police units on the mainland have given their members an 18-day Chinese New Year holiday, with those doing special duty being the only exception. However, things seem to be different this year. Some non-special-duty units have in turn received orders to suspend the Chinese New Year holiday this year.

The Mainland armymen and police told Taiwan businessmen: Higher levels have issued orders to suspend the Chinese New Year holiday without any explanation. All the army and police units that received the orders speculate that the orders must have something to do with the coming presidential election in Taiwan.

According to the Taiwan businessmen, the 18-day Chinese New Year holiday observed by Chinese Communist army and police units in the past roughly began on the 28th day of the 12th month and ended on the 15th day of the first month of the next year on the Lunar Calendar. At present, a strong Chinese New Year atmosphere remains in many localities on the Mainland.

#### Taiwan: Ministry Denies Lobbying U.S. for Presidential Invitation

OW3001025096 Taipei CNA in English  
0203 GMT 30 Jan 96

[By Maubo Chang]

[FBIS Transcribed Excerpt] Taipei, Jan. 29 (CNA) — The Foreign Affairs Ministry on Monday [29 January] denied it was trying to get the United States congress to invite Taiwan's first popularly elected president to visit, but that it would welcome such an invitation.

The WASHINGTON POST reported over the weekend that the ROC representative office in Washington and public relations companies working for the office were lobbying for the invitation.

Chen Yung-chuo, a spokesman for the Foreign Ministry, said he had not heard of the report.

He brushed aside the question about whether another U.S. trip by an ROC president would deteriorate the already gloomy relations between Taipei and Beijing.

saying that the pragmatic diplomacy pursued by Taipei would not be changed because of Beijing's protest.

Chen declared that the government would push ahead with what it thought was in the interests of the country, but would not do anything purposely to irritate Beijing.

In related news, Ralph Cossa, executive director of the Pacific Forum with the Center for Strategic and International Studies, an American think tank, said at a CSIS-sponsored seminar on Monday here that he holds a different view of a possible U.S. trip by the ROC president. [passage omitted on Cossa's comments].

#### Taiwan: ROK U.S. Office Denies Lobbying for Presidential Visit

OW3001103596 Taipei CNA in English  
0954 GMT 30 Jan 96

[By Herman Pan and Sofia Wu]

[FBIS Transcribed Text] Washington, Jan. 29 (CNA) — The ROC [Republic of China] representative office in the United States Monday [31 January] denied a WASHINGTON POST report that it is lobbying the US Congress to invite the Republic of China's first directly elected president to visit Washington, D.C.

The Taipei Economic and Cultural Representative Office, which represents ROC interests in the US, said in a news release that it is the established ROC policy to promote pragmatic diplomacy, including boosting exchanges of visits by high-ranking officials to enhance substantive ROC-US relations.

However, the statement said, the office has never tried to lobby US congressmen to invite the first popularly elected ROC president to visit Washington as reported by the WASHINGTON POST. Nor the office has received any instructions from Taipei to do so, the statement added.

In Taipei, the ROC's Ministry of Foreign Affairs also denied on Monday that it has ordered the ROC Representative Office in Washington to lobby American congressmen to invite the first directly elected ROC president to visit the United States.

The ROC is scheduled to hold its first-ever direct presidential elections on March 23.

Incumbent ROC President Li Teng-hui made a private visit to his alma mater Cornell University in New York State last June, rocking Washington-Beijing and Beijing-Taipei ties. Beijing, which claims sovereignty over Taiwan, considered Li's visit as a move to promote Taiwan independence.

**Taiwan: Navy Engages in 3-Day Live-Shelling Exercise**

*OW3001022096 Taipei CNA in English  
0134 GMT 30 Jan 96*

[By Benjamin Yeh]

[FBIS Transcribed Text] Kaohsiung, Jan. 29 (CNA) — The naval fleet headquartered at the southern base of Tsoying on Monday [29 January] kicked off the first day of a three-day live shelling exercise in waters off Kaohsiung, southern Taiwan, the Navy said.

Several destroyers are participating in the military exercise some 40 miles southwest of Kaohsiung, it said.

It emphasized that the exercise is "routine," and has no connection with the "recent developments over the Taiwan Strait."

The navy also conducted an anti-submarine exercise in waters off southern Taiwan last week.

The exercise comes following a NEW YORK TIMES report that communist China has completed plans for "limited" strikes against Taiwan after the March 23 presidential elections, the first direct presidential poll in the history of the Republic of China [ROC].

**Taiwan: Consultations on Bid To Enter WTO Held in Tokyo**

*OW3001031096 Taipei CNA in English  
0146 GMT 30 Jan 96*

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Jan. 29 (CNA) — A Taiwan delegation headed by Board of Foreign Trade (BOFT) Director-General Lin Yi-fu began bilateral consultations with Japan on Monday [29 January] over Taiwan's bid to enter the Geneva-based World Trade Organization (WTO).

The focus of discussions will be tariff and nontariff issues concerning agricultural and industrial products, as well as the controversial issue of Taiwan's quota on imported Japanese compact cars.

Taiwan has offered a 6,000-car annual import quota for Japan after Taiwan's admission into the WTO, with tariffs on the cars being gradually decreased from 29 percent, the year Taiwan joins the WTO, to 25 percent over a five-year period.

Taiwan still bans the import of Japanese compact cars while freely allowing such imports from the United States and Europe.

However, Japan has promised to give a concrete response to Taiwan's proposal during the two-day Tokyo

talks. Taiwan and Japan have not been in contact with each other since they concluded bilateral consultations in August.

**Taipei: Consensus Reached on Development Project With Panama**

*OW2701112696 Taipei CNA in English  
1006 GMT 27 Jan 96*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Jan. 27 (CNA) — Taiwan and Panama have recently reached consensus on a joint-venture development project in the Panama Canal Zone, and the two sides are expected to sign a formal agreement in February.

According to Jeffrey Koo, chairman of the Overseas Investment & Development Corp. (OIDC), a syndicate of government agencies, state-run enterprises, banks and private business companies, will collaborate with Panama's Interocean Region Authority (ARI) to develop an export processing zone [EPZ] in Fort Davis in the canal area.

OIDC and ARI will jointly invest US\$1 million to form a Taiwan-Panama investment company, exclusively for the development of a 120-hectare EPZ complex in Fort Davis, which was formally a US military base near Colon, Koo noted.

Once the Fort Davis EPZ complex is completed, Koo said, it will serve as a gateway for Taiwan small and medium-size enterprises to the vast markets in North, Central, and South America.

Formal investment promotion activities to woo investors will begin in March, Koo added.

According to OIDC Managing Director Mo Tun, Taiwan investors are welcomed to invest in manufacturing industries making consumer goods ranging from household electrical appliances to regional telecommunications facilities.

Meanwhile, Mo said OIDC board directors have decided to raise another NT [new Taiwan] \$390 million (US\$14.23 million) to increase the company's paid-in capital to NT\$1 billion (US\$36.49 million) as originally targeted.

**Taiwan: Two Candidates Register for Presidential Election**

*OW3001102896 Taipei CNA in English  
0949 GMT 30 Jan 96*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Jan. 30 (CNA) — Two pairs of presidential and vice presidential hopefuls — President Li Teng-hui/Premier Lien Chan and Lin Yang-kang/Hau Pei-tsun — completed registration for their candidacy for the historic March 23 elections Tuesday [30 January].

President Li and his running mate Lien arrived at the Central Election Commission (CEC) at 11:50 a.m. to register their candidacy for Taiwan's first-ever direct presidential and vice presidential elections.

Li and Lien presented all required documents and a deposit of NT\$15 million (about US\$547,445) to the commission. According to the CEC regulations, each ticket is required to pay a deposit of NT\$15 million, which will be confiscated if the ticket fails to garner a specified percentage of ballots cast in the presidential elections.

Li told the press after completing registration formalities that he felt honored to be nominated by the ruling Kuomintang to run in the historic elections.

Li said he does not think the NT\$15 million deposit is too high. Of the amount, Li provided NT\$8 million and his running mate shared the remaining NT\$7 million.

Asked whether he can gather more than half of the vote, Li said he cannot forecast the voting result at the moment. More than 10 million ROC citizens are eligible to vote in the upcoming elections.

Li and Lien were accompanied by their wives and several senior KMT officials, including Secretary-General Hsu Shui-teh.

Earlier in the day, independent presidential and vice presidential hopefuls Lin Yang-kang/Hau Pei-tsun also registered their candidacy for the elections.

Lin said if he is elected, his highest policy goals will be "peace, stability, justice, fairness, affulence and prosperity." Hao also vowed to strive for Taiwan's development and people's well-being.

CEC Chairman Huang Kun-hui accompanied Li/Lien and Lin/Hau in completing the registration formalities. This was the first time the CEC chairman has accompanied political election candidates to register their candidacy. "I have done so to express my respects for hopefuls for the country's top political posts," he said.

**Taiwan: Li Teng-hui To Reappoint Lien as Premier in Feb**

*OW3001030996 Taipei CNA in English  
0154 GMT 30 Jan 96*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Jan. 29 (CNA) — President Li Teng-hui on Monday [29 January] said that Premier Lien Chan, who resigned last week along with his cabinet, will be renamed premier in February.

Li, who spoke in his capacity as the chairman of the ruling Kuomintang, made the remarks at a luncheon reception for more than 60 newly elected Kuomintang legislators at the Hsin Yi Club, in downtown Taipei.

While calling for the continued support of Lien, Li said he will solicit the opinions of lawmakers on the formation of the next cabinet.

Lien and his cabinet tendered their resignations last Thursday, a move Lien said was meant to adhere to the spirit of ROC Constitution, which requires the cabinet resign before a new parliament starts its session.

The new Legislative Yuan, elected in December, will be seated on Feb. 1.

Li also appealed to the lawmaker-elects to vote for the KMT's Liu Sung-pan and Wang Chin-ping as the Yuan's president and vice president, respectively.

Upon hearing of Li's proposed move to reappoint Li, New Party legislator Yok Mu-ming vowed to block the move. "The new party will by no means compromise on the issue."

Yok said that since Li, who has been nominated by the KMT to run in the March presidential election, has picked Lien as his running mate, then Lien should not be allowed to serve as premier. Yok said he fears Lien will take advantage of government administrative resources to benefit himself and Li in the run-up to the election. The New Party is a breakaway party of the KMT.

Li's proposal also invited a sharp response from the Democratic Progressive Party (DPP), Taiwan's largest opposition party. Yen Chin-fu, the DPP legislative whip, said his colleagues will oppose the Lien nomination for the sake of political stability and to ensure a fair election. Yen did not rule out teaming up with the New Party and nonpartisan lawmakers on the issue.

The legislature is scheduled to screen premier nominees Feb. 13-15 and to exercise its right of consent on Feb. 16.

The KMT managed to win a thin majority of 85 seats in the 164-seat Legislative Yuan last December, while the

DPP garnered 54 seats, the New Party gained 21 seats, and independents got four seats.

**Taiwan: Army To Classify Arms Purchases 'Top Secret'**

*OW3001045496 Taipei TZU-LI WAN-PAO in Chinese  
22 Jan 96 p 2*

[FBIS Translated Text] In view of the possibility that France may yield to Communist China's political pressure and freeze arms sales to our military, the Army — the focus of next fiscal year's national defense building — will classify all arms purchases as "top secret" before they are finalized, in a prudent bid to thwart interference and to smoothly acquire necessary equipment in time.

According to a military official, the current international political reality, which has taken shape under Communist China's interferences and pressure, poses the gravest obstacle to our military's effort to purchase military equipment from foreign countries. Although our military always declare that arms to be purchased are for defensive purposes, Communist China has often taken the advantage of its diplomatic edge to interfere with our arms purchases. Moreover, before an arms deal is concluded with foreign countries, the domestic media have

given extensive publicity, resulting in the cancellation or increased difficulty of many important purchases.

The official cited the example of procuring from the United States M60-A3 armored vehicles which, though not the latest equipment, are very important to current military operations in Taiwan. However, after media exposure, the purchase was delayed as it was queried by legislators. As a result, when the Army presented a memorandum of purchase to the U.S. side after the budget was approved, newer equipment had already been sold out to other countries wanting to buy the same type of armored vehicles; and our country had to accept enhanced equipment with an increased price tag.

Analyzing the French media reports, the military believe: In view of the declining demand for arms worldwide, any arms-exporting country will seize a deal that can stabilize the production line of its ordnance industry, and provide job opportunities. Therefore, it is impossible that France will cancel our military's purchase of the Mirage 2000 fighters and Lafayette warships. Nevertheless, before a deal is concluded, the Army will classify all arms deals as "top secret" so as to prevent possible interference and ensure the smooth procurement of military equipment.

### Hong Kong

#### PRC: Trade Minister Assures Hong Kong of Bright Future

HK2601055096 Hong Kong CHING CHI TAO PAO in Chinese 22 Jan 96 No 2455, pp 3.

[Article by PRC Minister of Foreign Trade and Economic Cooperation Wu Yi: "Hong Kong Will Have a Better Tomorrow"]

[PTS Translated Text for FBIS] As of 1 July 1997, the Chinese Government will resume the exercise of sovereignty over Hong Kong. This will not only clear the Chinese people of more than a century's national disgrace but also provide a successful example for the world of peaceful resolution to an issue left over by history. Therefore, whether in Chinese or world modern history, Hong Kong's return to the motherland is an important historical event worth recording. Filled with joy and enthusiasm, all Chinese people, including Hong Kong compatriots, are looking forward to this solemn moment.

Over the past decades, the hard-working and intelligent Hong Kong compatriots have created an economic miracle by developing a port city focusing on entrepot trade into an international trade, financial, shipping, and telecommunications hub, thus enjoying the reputation of "Pearl of the Orient." This is the pride of the entire Chinese people. As the day of Hong Kong's return to China approaches, people are increasingly concerned about the future of Hong Kong. Some people doubt whether Hong Kong's long-term prosperity and stability can be maintained. Others even publicize that Hong Kong will be "weakened" or "die." I find these views groundless. Here I would like to reiterate that the long-term prosperity and stability of Hong Kong will be fully ensured.

First, the Chinese Government will unwaveringly persist in the principle of "one country, two systems," implement the Sino-British Joint Declaration and the Basic Law of the Hong Kong Special Administration Region, practice the principle of "Hong Kong people ruling Hong Kong with a high degree of autonomy" in Hong Kong, preserve the current social and economic systems, lifestyle, and laws, continue to maintain Hong Kong's status as an international financial, trade, and shipping center and as a free port and separate customs area, and take account of the economic interests of Britain and other countries in Hong Kong. China's Hong Kong policies mentioned above will remain unchanged for 50 years. Comrade Deng Xiaoping's principle of "one country, two systems" means that on the condition of one China, the mainland as the main body of the country persists in a socialist system and Hong

Kong will preserve its capitalist system. The two systems will remain unchanged, with neither replacing the other. This is the only correct principle for resolving the Hong Kong issue and maintaining Hong Kong's long-term prosperity and stability. This principle, which has taken into account Hong Kong's history and present condition, has earned the support of Hong Kong compatriots and the Chinese people on the mainland.

Second, trade and economic relations between Hong Kong and mainland China will be further developed. While having all along played a positive role in China's economic development and served as a bridge between China and the outside world, Hong Kong's rapid economic growth is the result of its close trade and economic ties with the mainland. Their mutually beneficial and complementary trade and economic relations will be maintained and further strengthened after 1997.

China's policy of reform and opening up with economic construction as the focus, plus its political and social stability and sustained, rapid, and healthy [chixu, kuaisu, jiankang] economic growth, have created the most important conditions for the development of trade and economic relations between the two places. In line with a constant increase in the pace of reform and opening up and the gradual establishment of a socialist market economic structure, China's national economy will continue to gain good momentum and the investment environment will be further improved. Its foreign trade, as a leading industry, will develop at a rate higher than that of national economic growth. By the year 2000, total imports and exports will have reached \$400 billion, thus laying a stable and solid foundation for the development of trade and economic relations between the two places.

The last decade of history has demonstrated that Hong Kong's economy has grown in step with the mainland's reform and opening up. In the late 1970's and early 1980's, Hong Kong's economy was plagued by soaring labor and land costs, which had gradually blunted their product competitiveness. At that time, the mainland's reform and opening up gave Hong Kong a rare opportunity. Hong Kong's manufacturers relocated to the mainland and combined their strengths in management and sales with the mainland's edge in labor and resources, thus drastically lowering their product costs and creating room for their new development in the international market. It is noteworthy that nearly 90 percent of Hong Kong's re-export trade is attributable to the mainland. This is an important factor behind Hong Kong's relatively rapid economic growth in the past few years, when Western countries were suffering economic depression. Meanwhile, the development of trade and investment activities in both Hong Kong and China

also has attracted a number of world-famous companies and financial institutions to Hong Kong to develop their China business. In addition, China's reform and opening up has also promoted the development of Hong Kong's shipping, insurance, telecommunications, and tourism industries and will continue to be a tremendous impetus to Hong Kong's economic development.

Hong Kong's return to the motherland will be further conducive to giving full play to the mutually complementary and beneficial advantages and common development of both places. As Hong Kong and China have their own advantages, they can promote one another. While China has large actual and potential markets, rich natural and human resources, and stronger capability to develop high technology, Hong Kong has capital, management, information, sales, and other advantages. The multiple levels and differences in economic structure between the two places make it possible for their industrial cooperation. As the two areas are geographically linked, have developed friendly relations, and share a common language, their economic cooperation is close. Following Hong Kong's return to the motherland, economic cooperation between the two places is bound to become closer and better coordinated, thereby making greater contributions to the economic prosperity of both.

Third, Hong Kong's unique advantages are irreplaceable. There are many contributing factors to Hong Kong's development of today. Hong Kong itself has many unique and irreplaceable advantages. Richly endowed by nature, it faces the sea and the world with the motherland at its back, and it has naturally become a bridge and medium of communication between China and foreign countries. Hong Kong pursues an open and free economic policy which basically levies no tariffs on imports and allows free flow of capital and personnel. It has advanced communications, telecommunications, and other infrastructural facilities and is an important international financial hub. In recent decades Hong Kong has also established ties in a wide range of areas with the outside world and has its own sales networks in all parts of the world. Hong Kong's present achievements were created by the hard-working, intelligent, and ambitious Hong Kong people.

Clearly, all of Hong Kong's unique advantages will remain unchanged after 1997. In accordance with the principle of Hong Kong people running Hong Kong and a high degree of autonomy, Hong Kong will have a high degree of autonomy with Hong Kong people administering their affairs and with their intelligence and conscientiousness given full play. Hong Kong compatriots, who have been able to create a world-famous economic miracle, can certainly maintain the long-term prosperity and stability of Hong Kong.

Some people say that the emergence of Shanghai and other cities may supplant Hong Kong's status. I consider this impossible. Cities like Shanghai must certainly be developed. However, they are still socialist cities, no matter how they develop. Hong Kong practices a capitalist system; moreover, it lies at the intersection of two different economic systems and at an important junction between China and the world. Such unique advantages can hardly be replaced by any other city in the motherland.

Hong Kong's return to the motherland is not far off, which will enable Hong Kong people to radiate a strong sense of national pride and greater creativity. It is hoped that the British Government will cooperate sincerely with the Chinese Government to realize a smooth transfer of sovereignty over Hong Kong and its transition. In the past few years, the British Government's uncooperative attitude has been conducive neither to Hong Kong's smooth transition nor to Britain itself. Recently, there have been some signs of change in the British Government's attitude. It is hoped that rather than stirring up trouble for Hong Kong, the British Government will be as good as its word and give more consideration to Hong Kong's future and interests. Nobody can change the historical process of Hong Kong's return to the motherland. Some minor setbacks will not affect the overall situation of Hong Kong's return and its prosperity and stability. I have full confidence in Hong Kong's future and firmly believe that with the support of the motherland and the efforts of the Hong Kong people, Hong Kong's prosperity and stability will certainly be maintained. As the Pearl of the Orient becomes even more dazzling, Hong Kong will have a better tomorrow.

#### **Hong Kong: Committee Views Stability of Civil Service**

*HK2601082596 Hong Kong TA KUNG PAO in Chinese 9 Dec 95 p A5*

[*"Special Dispatch" from Beijing on 8 December: "Several Opinions on Maintaining the Stability of the Contingent of Civil Servants"*]

[PTS Translated Text for FBIS] The following is the full text of the Opinions of the Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region [HKSAR] on Maintaining the Stability of the Civil Service:

Hong Kong's civil servants have made important contributions to the territory's stability and prosperity. Hong Kong owes its success to its high-caliber civil servants and effective civil service. The Chinese Government attaches great importance to the stability of Hong Kong's

civil service before and after 1997, and considers these to be vital to the smooth handover of sovereignty and the smooth transition. It regards Hong Kong's 180,000 civil servants as a huge wealth, a source of strength for the realization of "Hong Kong people governing Hong Kong" after 1997. After its establishment, the Preliminary Working Committee of the HKSAR Preparatory Committee added to its working agenda questions relating to the stability of Hong Kong's civil service. The Political Affairs Sub-group of the Preliminary Working Committee and its civil service study group has conducted a good deal of investigations and studies on Hong Kong's civil service and many other questions of concern to the public. The Social and Security Affairs Sub-group, for its part, has conducted special studies on questions of concern to the disciplinary services. Both sub-groups have put forward their opinions in accordance with the Sino-British Joint Declaration and the relevant provisions of the HKSAR Basic Law. On the basis of these opinions, the plenary session of the Preliminary Working Committee hereby puts forward the following opinions on maintaining the stability of Hong Kong's civil service.

#### I. On Arrangements Regarding Civil Servants Who Remain in the Employ of the Government and Continue their Service

##### 1. Civil servants serving in all Hong Kong government departments may all remain in employment.

Article 100 of the Basic Law stipulates that "Public servants serving in all Hong Kong government departments, including the police department, before the establishment of the HKSAR, may all remain in employment." Accordingly, all civil servants, including members of the disciplinary services, serving in all Hong Kong government departments before 30 June 1997 may continue to serve the HKSAR government after 1 July 1997.

The Chinese Government will adhere to the policy of "Hong Kong people governing Hong Kong" after resuming the exercise of sovereignty over Hong Kong on 1 July 1997. The HKSAR government shall thus be made up of local Hong Kong people. Civil servants serving in Hong Kong government departments are experienced and familiar with Hong Kong affairs and how the government is run. Maintaining the stability and continuity of the existing civil service is of crucial importance to Hong Kong's smooth transition and long-term stability and prosperity. Thus, the question of "a major reshuffle" of the civil service after the establishment of the HKSAR government does not arise.

##### 2. Civil servants may remain in their present posts on the whole.

Based on the need to maintain the stability of the civil service and the continuity of administration, when the HKSAR government is established, civil servants in all Hong Kong government departments, including the police department and other disciplinary services, may remain in employment. What is more, with the exception of the 20-plus principal posts to be nominated by the chief executive and appointed by the central people's government in accordance with the Basic Law, all other civil servants may remain in employment. In other words, they may remain in their present post.

##### 3. The procedure for civil servants to remain in the service shall be made as simple as possible.

In order to enable civil servants to clearly understand that they can continue to serve in their respective posts on 1 July 1997, it is necessary to give them confirmation through a simple procedure. It is suggested that the chief executive designate announce in an appropriate way prior to 1 July 1997 that with the exception of those who have been nominated to fill the principal posts of the HKSAR and for a small number of civil servants for whom other arrangements have been made, all other civil servants shall continue their service under existing conditions on 1 July 1997. However, for those civil servants who took their oath of allegiance to the Crown (such as the police), appropriate arrangements should be made for them to pledge their allegiance to the HKSAR of the PRC.

##### 4. Civil servants who plan to resign or seek early retirement in the run-up to 1997 should submit their notice as early as possible.

According to existing provisions of the "Civil Service Regulations," civil servants must submit their resignation at least three months in advance, and early retirement applications must be submitted at least one year in advance. Civil servants of all Hong Kong government departments who plan to resign or seek early retirement in the run-up to 1 July 1997 should submit their notice or application to the government in accordance with the relevant regulations. In order to ensure that the HKSAR Preparatory Committee and the team designate of the HKSAR government will have a full picture of the civil service, including changes in the service, so that the necessary measures can be taken to ensure the smooth running of the government, the British Government should provide its Chinese counterpart with information on resignations, early retirements and normal retirements. The Chinese Government should be informed of resignations, early retirements and normal retirements of director-grade civil servants.

5. After the takeover, civil servants should not be required to account for previous actions taken in the line of duty.

Civil servants working in all Hong Kong government departments, including the disciplinary services, before 30 June 1997, regardless of whether their work is politically sensitive, are all carrying out orders in accordance with the laws of Hong Kong or the orders of the British Hong Kong Government, and should not be held politically responsible. After 1997, the previous systems and special bodies for employment, assessment, discipline and so on, shall be retained by the HKSAR government, and the employment and promotion of civil servants shall be based on qualifications, ability and experience. Therefore, there is no question of their being taken to account for previous actions.

## **II. Opinions on Non-Chinese Nationals or People With Right of Abode in Foreign Countries in the Civil Service**

6. Non-Chinese nationals and people with right of abode in foreign countries serving in all Hong Kong government departments may remain in employment.

According to Article 100 of the Basic Law, non-Chinese nationals or people with right of abode in foreign countries serving in all Hong Kong government departments may remain in employment regardless of whether or not they are permanent residents of Hong Kong. However, non-Chinese nationals or people with right of abode in foreign countries previously holding principal posts in the Hong Kong Government may not remain in their posts. Other arrangements shall have to be made for them.

For non-Chinese nationals and people with right of abode in foreign countries who remain in the civil service, including those mentioned above for whom other arrangements shall be made, the pay, allowance, benefits and conditions of service shall be no less favorable than before.

7. Non-Chinese nationals or people with right of abode in foreign countries who hold Hong Kong permanent identity cards may be employed as civil servants of the HKSAR government.

According to Articles 99 and 101 of the Basic Law, the HKSAR government may employ British and other foreign nationals holding permanent identity cards to serve as civil servants in government departments at all levels, except in principal posts.

8. Principal posts that cannot be filled by non-Chinese nationals or people with right of abode in foreign countries are very few in number.

In accordance with Articles 101, 61 and 48 of the Basic Law, it is suggested that the following 27 posts be filled only by Chinese citizens among permanent residents of the HKSAR with no right of abode in any foreign country: secretary and deputy secretary of administration, secretary and deputy secretary of finance, secretary and deputy secretary of legal affairs, director of the Civil Service, director of public security, director of education and manpower, director of public health and welfare, director of planning, environment and lands, director of recreation and culture, director of transport, director of civil affairs (the present Home Affairs Branch), director of government affairs (the present Constitutional Affairs Branch), director of economic services, director of treasury (the present Finance Branch), director of financial services, director of industry and commerce, director of public works, director of housing, director of the Hong Kong Monetary Authority (the present chief executive of the Hong Kong Monetary Authority), commissioner of the Independent Commission Against Corruption, director of audit, commissioner of Police, director of immigration, and commissioner of Customs and Excise. With the exception of the above posts, foreign nationals and people with right of abode in foreign countries may be employed as civil servants in government departments at all levels without any nationality or residency restrictions.

9. Foreign nationals may be employed as advisers to government departments of the HKSAR.

In accordance with Article 101 of the Basic Law, the HKSAR government may employ British or other foreign nationals as advisers to government departments and, when required, may recruit qualified candidates from outside the HKSAR to fill professional and technical posts in government departments. These foreign nationals shall be employed only in their individual capacities and shall be responsible to the government of the HKSAR.

10. Civil servants with right of abode in foreign countries, including right of abode under the British Nationality Scheme, shall not be discriminated against.

Other than not being eligible for principal posts after 1997, civil servants with right of abode in foreign countries shall not be discriminated against in their posts because they have right of abode abroad.

The solemn stand of the Chinese Government in opposing the "British Nationality Scheme" is directed against the mistake on the part of the British Government in deliberately violating the Joint Declaration, not against individuals who have acquired British nationality under this scheme. Civil servants who have acquired British

nationality, including those in the employ of the disciplinary services, may continue to serve the HKSAR government after 1997. However, their so-called "British nationality" will not be recognized by the Chinese Government, and they are not entitled to British consular protection in the HKSAR or in other regions.

11. Civil servants may use Chinese and English languages after 1997.

Article 9 of the Basic Law stipulates that in addition to the Chinese language, English may also be used as an official language by the executive authorities, legislature and judiciary of the HKSAR. Thus, civil servants not only may use the Chinese language, but may continue to use English after 1997. To facilitate contact and communications with government departments on the mainland, civil servants should be welcomed and encouraged to learn to use the Chinese language and speak Putonghua.

### III. Opinions on Basically Retaining the Existing Civil Service

12. The previous system of recruitment, employment, management and so on shall be maintained after 1997.

According to Article 103 of the Basic Law, Hong Kong's previous system of recruitment, employment, assessment, discipline, training and management for the public service, with the exception of provisions for privileged treatment of expatriate officers, shall be maintained. The HKSAR government shall adhere to the principles of open recruitment, employment on the basis of ability, fair competition, promotion according to merits, and equal pay for equal work in the employment of civil servants and other matters.

The problem of the privileged treatment of expatriate officers is a problem left by history, and should be appropriately dealt with by the HKSAR government in accordance with the above-mentioned stipulation of the Basic Law.

13. Special bodies for the appointment, pay and conditions of service of civil servants shall be maintained after 1997.

According to Article 103 of the Basic Law, special bodies for the appointment, pay and conditions of civil servants shall be maintained. The Public Service Commission and special bodies for the salaries and conditions of service of civil servants, including the Standing Committee on Directorate Salaries and Conditions of Service and the Standing Committee on Civil Service Salaries and Conditions of Service, may continue to function and discharge their duties in matters relating to the recruitment, promotion, and salaries and conditions of service

of civil servants after 1997. However, their members shall have to be appointed by the Chief Executive.

14. The pay, allowances, benefits and conditions of service of civil servants who remain in the employment of the HKSAR government shall be no less favorable than before.

According to Articles 100 and 102 of the Basic Law, civil servants serving in all government departments prior to the establishment of the HKSAR who remain in their posts after 1997 may retain their seniority with pay, allowances, benefits and conditions of service no less favorable than before. These include some of the special allowances (such as dangerous duties allowance), benefits and conditions of service previously enjoyed by civil servants in the disciplinary services. The HKSAR government shall pay to civil servants who retire or who leave the service in compliance with regulations, including those who have retired or who have left the service in compliance with regulations before the establishment of the HKSAR, or to their dependents, all pensions, gratuities, allowances and benefits due to them on terms no less favorable than before, irrespective of their nationality or place of residence.

The benefits and conditions of service of Hong Kong civil servants after 1997, including pensions, are protected by law. In consideration of their concern and anxiety over their pensions, their requests for the establishment of a civil service pension fund should be supported.

15. Civil service regulations shall remain basically unchanged.

According to Article 103 of the Basic Law, the previous system of civil service shall be maintained, except for any provisions for the privileged treatment of foreign nationals. The "Civil Service Regulations" promulgated by the British Hong Kong Government may continue in force after necessary modifications, such as deleting or amending those titles and clauses with colonial suggestions, and modifying the provisions regarding the qualifications and appointment procedures for principal officials in line with the provisions of the Basic Law. Other regulations regarding the civil service may also be adopted as regulations of the HKSAR government after the necessary amendments. However, British colonial regulations of the British Hong Kong government which are currently applicable to the management of civil servants shall be invalidated after 1 July 1997.

In order to keep to the principle of maintaining an executive-led government and ensuring that the civil service of the HKSAR government will have full

autonomy in management, regulations regarding the civil service should not be legislated.

**16. Complaints by civil servants shall be handled by the HKSAR government on its own.**

At present, Hong Kong's civil servants may lodge complaints to the British Government through the governor of Hong Kong. In order to implement the policies of "Hong Kong people governing Hong Kong" and "a high degree of autonomy," complaints lodged by Hong Kong's civil servants after 1997 should be handled by the HKSAR government on its own and should not be submitted to the central people's government.

**17. Civil servants should maintain political neutrality.**

Maintaining political neutrality is a principle long observed by Hong Kong's civil servants. It is also a basic principle of Hong Kong's civil service. The principle of civil servants maintaining political neutrality should remain unchanged after 1997. With this in mind, restrictions should be imposed on the participation of civil servants in politics. Provisions in the present "Civil Service Regulations" regarding participation of civil servants in political activities should be retained. The following are some of these provisions: Civil servants may not publish anything that has to do with politics or administrative matters without the permission of their superiors, engage in any paid or unpaid work outside without the permission of their superiors, organize or take part in public gatherings for the discussion of any measure of the government, distribute political publications, or sign or invite others to sign mass petitions that concern government measures or plans. At the same time, civil servants also may not take part in activities that are at variance with the principle of maintaining political neutrality.

**IV. Opinions on the Relations of the HKSAR Government and Its Subordinate Departments to the Central People's Government and Its Subordinate Departments and on the Relationship between Civil Servants of the Two Places**

**18. Appointment of the Chief Executive and principal officials by the Central People's Government is real appointment.**

The Basic Law and the relevant resolutions of the National People's Congress clearly stipulate that the chief executive and principal officials of the HKSAR shall be appointed by the central people's government. This power of appointment enjoyed by the central people's government is a power bestowed by law on the central people's government. Such appointment is real rather than nominal. Thus, on account of the need of the cen-

tral people's government to appoint the first chief executive and principal officials [of the HKSAR], the British Government has the obligation to provide the Chinese Government with timely information on existing senior civil servants, including information regarding nationality and right of abode, and to provide the Chinese Government with other necessary coordination and assistance.

**19. The HKSAR is accountable to the central people's government through its chief executive.**

According to Article 12 of the Basic Law, the HKSAR shall be a local administrative region of the PRC which shall enjoy a high degree of autonomy and come directly under the central people's government. Thus, the HKSAR government shall be accountable to the central people's government. This accountability takes the form of the chief executive's accountability to the central people's government. According to the second clause of Article 99 of the Basic Law, public servants of the HKSAR must be dedicated to their duties and be responsible to the government of the HKSAR. They are not required to be directly accountable to the central people's government or to its subordinate departments.

**20. The relationship between various government departments of the HKSAR and various departments of the central people's government is not a relationship of administrative subordination.**

According to Article 22 of the Basic Law, no department of the central people's government and no province, autonomous or municipality directly under the central government may interfere in the affairs which the HKSAR administers on its own in accordance with the Basic Law. There does not exist a relationship of administrative subordination between various departments of the HKSAR and the departments of the central people's government. The departments of the central people's government and various provinces, autonomous regions and municipalities directly under the central government should carry out exchanges and cooperation in accordance with the relevant provisions of the Basic Law under the principle of "one country, two systems."

**21. Members of the garrison shall not interfere in the duties of the disciplinary services of the HKSAR.**

Article 14 of the Basic Law stipulates that the garrison is responsible for the defense of the HKSAR on behalf of the central people's government. The garrison shall not interfere in the local affairs of the region. In addition to abiding by national laws, members of the garrison shall abide by the laws of the HKSAR. The government of the HKSAR shall be responsible for the maintenance of public order in the region. These provisions clarify the

relationship between the garrison and the government of the HKSAR and the division of responsibility between the garrison and the disciplinary services of the region. Thus, the garrison will not be interfering in the duties of the disciplinary services of the HKSAR.

22. Hong Kong and mainland civil servants should strengthen relations and communications.

As 1 July 1997 draws near, Hong Kong and mainland civil servants should strengthen contact and exchanges with a view to increasing communications and understanding. In particular, it is necessary to actively unfold activities, including training, to help Hong Kong's civil servants better understand the mainland, the principle of "one country, two systems" and its relating policies, and the Basic Law of the HKSAR.

#### V. Opinions on the Handover of Files on Civil Servants

23. All files on civil servants must be handed over to the Chinese Government.

The handover of archives constitutes an integral part of the handover of sovereignty. The Sino-British Joint Declaration stipulates that the British Government shall return Hong Kong to Chinese rule on 1 July 1997. For this reason, the British Government must hand over all archives of the Hong Kong Government, including all files on civil servants, to the Chinese Government. It should be made clear that the archives to be handed over shall include all files on civil servants. All words and deeds which say that files on civil servants should be handed over directly to the chief executive and the HKSAR government rather than to the Chinese Government are in contravention of the Sino-British Joint Declaration.

24. Files on civil servants shall be kept in Hong Kong and managed according to previous methods.

After taking over the files on civil servants, the Chinese Government shall pass over the files to the HKSAR government. All the files shall then be kept in Hong Kong, and shall be managed and strictly protected by the HKSAR government according to the previous archives management system. The central people's government and the HKSAR government not only will not use the so-called "personal details" or other sensitive materials to take action against past deeds of civil servants, but oppose any attempt to use these materials to wage personal attacks against or otherwise influence civil servants by overt or covert means.

#### VI. Opinions on Judges and Other Members of the Judiciary

25. After 1997, the appointment or dismissal of the judges and other members of the judiciary of the HKSAR and their pay, allowances, benefits and conditions of service shall be handled in accordance with the relevant provisions of the Basic Law and with reference to the opinions mentioned above.

**Hong Kong: Jiang Zemin Greets Shipping Magnate**  
**HK2901064096 Hong Kong SOUTH CHINA**  
**MORNING POST in English 27 Jan 96 p 5**

[By Political Editor Chris Yeung]

[PTS Transcribed Text for FBIS] Hong Kong shipping magnate Tung Chee-hwa, who likes to keep a low profile despite his immense influence in business and politics, was caught in the spotlight again yesterday.

A fortnight ago he leapt into contention to become the inaugural chief executive of the SAR when political colleague and business affiliate Henry Fok put him forward as the man most likely.

Yesterday, the reclusive Mr Tung fell under the gaze of 147 peers and the glare of spotlights in the awe-inspiring Great Hall of the People as China's President Jiang Zemin rose to shake hands with people after group photographs were taken.

As a vice-chairman, Mr Tung was allotted a place at the end of the first row. Mr Jiang was seated in the centre of the row.

As Mr Jiang stood to offer his congratulations to those behind him, he suddenly stopped and searched the crowd of beaming faces for the son of late shipping magnate C.Y. Tung.

The President stepped past colleagues sitting to his right and shook hands with Mr Tung.

The Executive Councillor, who has promised to speak to the media about the likelihood of becoming chief executive "in due course", was tight-lipped about the brief encounter. He had smiles to offer but no word about the implications of Mr Jiang's gesture.

It was not long before the committee was sent about its task. Mr Jiang warned them that time was running short and that the workload was heavy.

One did not need to be reminded by the countdown clock in Tiananmen Square of the number of days left before June 30 next year, Mr Jiang said.

After each member received a letter of appointment from National People's Congress chairman Qiao Shi

in a brief ceremony broadcast by state-run television, they introduced themselves to each other. But apart from the brief photo-call and the telltale hint from Mr Jiang that Mr Tung was in the running, discussions were very much behind closed doors.

As some of the estimated 300 journalists covering the historical event — including a 100-strong crew from national television net work CCTV — milled around, Xinhua (the New China News Agency) Vice-Chairman Qin Wenjun yelled a word of warning to unwary committeemen: "Watch out for your documents!"

From then on proceedings were marked by closed doors and collective responsibility on the future of Hong Kong.

**PRC: Business Strategy, Cooperation Seminar Held**  
**HK2601090396 Hong Kong TA KUNG PAO**  
**in Chinese 24 Nov 95 p A1**

[*"Special dispatch"* by staff reporter Tseng Hua (2582 5478); *"Seventeen Chinese-Funded Enterprises From Hong Kong Attend Seminar on Development Strategy for Chinese-Funded Enterprises in Hong Kong and Economic Cooperation Between Shanghai and Hong Kong"*]

[PTS Translated Text for FBIS] Shanghai, 23 Nov (TA KUNG PAO) — At the "Seminar on the Development Strategy for Chinese-Funded Enterprises in Hong Kong and Economic Cooperation Between Shanghai and Hong Kong" held here in Shanghai, Wulan Mulun, deputy director of XINHUA News Agency Hong Kong Branch, said: Shanghai and Hong Kong will become two important forces in propelling the giant dragon of the Chinese economy into takeoff in the new millennium.

The representatives of 17 Chinese-funded enterprises in Hong Kong attended this seminar cosponsored by the economic department of XINHUA Hong Kong Branch and Shanghai Industries [shang hai shi ye 0006 3189 1395 2814] (Holdings) Company Limited.

Wulan Mulun pointed out: In the economic cooperation between Shanghai and Hong Kong, Hong Kong holds a relative superiority in capital, markets, information, and management, whereas Shanghai holds a relative superiority in technology, skilled human resources, and industrial foundation. Shanghai not only can utilize Hong Kong's funding, market, and information advantages, but also may draw on some more extensively applicable practices of Hong Kong in promoting the market economy, such as market consultancy and market risk management. When the two territories look for each other's strengths to offset their own weaknesses, they

should also offer to use their own strengths to offset each other's weaknesses. This kind of mutual need and mutual compensation are the precondition and basis for their economic cooperation. For a long time to come, the advantages of the two territories will continue to be maintained and developed and they will form two central cities that have their own characteristics, play different roles, yet are closely connected and will develop together. They will not check each other's progress.

Wulan Mulun said: The Chinese-funded enterprises in Hong Kong have two tasks. One of them is to serve Hong Kong's smooth transition and sustained prosperity; the second task is to serve economic construction on the mainland. On the issue of strategic development aiming at revitalizing Shanghai and developing Pudong, the Chinese-funded enterprises are the most optimistic and confident among all overseas investors. They are also the fastest in reaction and in taking action. The Chinese-funded enterprises' investment in Shanghai and development cooperation with Shanghai's enterprises under the planning and guidance by the Shanghai municipal government will help Shanghai achieve the objective of upgrading itself from the status as China's economic central city to that of an international economic central city.

Huang Ju, member of the CPC Central Committee's political bureau and secretary of Shanghai CPC municipal committee, met with and entertained delegates to the seminar. Vice Mayor Hua Jianmin, standing proxy for Shanghai Mayor Xu Kuangdi, apprised the seminar of the prospects of Shanghai's economic and social development. He said: Currently, Shanghai is stepping up efforts to formulate the ninth five-year plan and the long-term program for the next 15 years. The tentative idea is to build Shanghai into something like an international economic, financial, and trade central city by 2010. During the Ninth Five-Year Plan period, Shanghai will follow the primary line of changing the economic system, changing the mode of economic growth, and reinforcing the municipal function, known as the "two changes and one reinforcement," and strive to form the preliminary framework of an international economic, financial, and trade central city by the end of this century. The principal strategy comprises four aspects: To implement a new round of development and opening up in Pudong, to build a batch of major urban infrastructural facilities, to take the lead in introducing an operational mechanism of socialist market economy, and to foster Shanghai's new development advantages. Hua Jianmin said: Chinese-funded enterprises in Hong Kong started investing in Shanghai quite early, have operated in an extensive range of fields, and have made outstanding contributions in helping Shanghai adjust its

industrial structure, change its urban function, and expand opening up. For a batch of Chinese-funded enterprises in Hong Kong, Shanghai's leap into the next millennium and Pudong's new round of development and opening up will create important opportunities for investment and commercial and trade activities. This is especially so in such areas as the construction of urban infrastructure, reconstruction of old urban areas, and primary, secondary, and tertiary industries. He expressed the wish that the Chinese-funded enterprises in Hong Kong will fully demonstrate their strategic vision and, in the process of economic cooperation between Shanghai and Hong Kong, further broaden the avenues for such cooperation, improve its sophistication, create new forms of cooperation, and make a joint effort to upgrade the cooperation into a new stage.

The following Chinese-funded enterprises in Hong Kong attended the seminar: the Bank of China Group, China Resources Holdings, China Merchants Group, China Travel Service Group, Yuehai Group, China Overseas [zhong guo hai wai 0022 0948 3189 1120], Huamin Group, Shanghai Industries, China Insurance Group, Aerospace Science and Technology [hang tian ke ji 5300 1131 4430 2111], Shenyne [3234 2814] Group, Pengli [7720 0448] Group, Jingtai [0079 3141] Company, Hualu [5478 7627] Company, Zhongshan [6988 1472] Company, Fuchun [1381 2504] Company, and Hong Kong-Macao International [gang ao guo ji 3263 3421 0948 7139]. The leaders of the relevant departments of the Shanghai municipal government and some districts, counties, and enterprises also attended the seminar.

The representatives from the Chinese-funded enterprises fully exchanged ideas and freely spoke their mind. The Bank of China Group representative expressed their opinion on "new changes in Hong Kong's financial industry and their implications for Shanghai." The China Resources Holdings representative related their experience in "adjusting the principle of operation and adhering to the dominance of one industry supported by diversified operations." China Overseas Group shared with other participants their viewpoint on the "development of Hong Kong's real estate industry and its implications for Shanghai."

The delegates to the seminar showed great interest in Shanghai's rapid development over the past years. During their stay in Shanghai, they visited Haizhu Gardens, an investment of the China Overseas Group; Times Square and First Yaohan Department Store, both invested in by China Resources; China Merchants Building, developed by China Merchants; and Gaoyang International Tobacco and Dongfang Shopping Mall, developed by Shanghai Industries (Holdings) Company

Limited. They also listened to Shanghai vice Mayor Zhao Qizheng apprising them of the development in Pudong New Zone and visited the site.

Before they leave Shanghai, the delegates will also attend the unveiling ceremony of the management authority of Sheshan National Tourist and Holiday Zone and visit Songjiang Industrial Zone and Volkswagen Auto Company.

This seminar is scheduled to close tomorrow.

#### **Hong Kong: Financing Lined Up for Superterminal Project**

*OW2901154696 Beijing XINHUA in English  
1502 GMT 29 Jan 96*

[FBIS Transcribed Text] Hong Kong, January 29 (XINHUA) — Hong Kong (HK) Air Cargo Terminals Ltd. (HACTL) signed a 6.620 billion HK dollar project finance facility today for its Superterminal 1 project at the new Chek Lap Kok Airport.

Sources from the HACTL said that the credit facility will finance two-thirds of the projected 7.8 billion HK dollar cost of the terminal.

Due to open in mid-1998 and capable of handling 2.6 million tons of air cargo a year, Superterminal 1 will be the largest air cargo facility in the world.

The limited recourse credit facility is provided by a total of 20 Arranger Banks, which include the Hong Kong Branch of the Bank of China and the Hongkong and Shanghai Banking Corporation Ltd.

HACTL is currently the sole operator of air cargo handling services at Hong Kong International Airport. It handled some 1.4 million tons of air cargo in 1995 and is the world's second busiest airport in terms of international cargo.

#### **Hong Kong: Britain Pressed for Visa-Free Entry**

*HK2501082896 Hong Kong EASTERN EXPRESS  
in English 25 Jan 96 p 2*

[By Jimmy Cheung]

[PTS Transcribed Text for FBIS] In a rare show of unity, the Government and legislators have unanimously pressed Britain for visa-free entry to holders of the special administrative region [SAR] passport after 1997.

The united front came as officials and rival political parties carried a motion with a resounding "yes" to urge Britain to announce visa-free access as soon as possible.

The Secretary for Security, Peter Lai, said unrestricted access to foreign countries would be crucial to the

continuation of Hong Kong's prosperity and freedom after the changeover.

"The Hong Kong Government fully supports visa-free access to the United Kingdom, and indeed to any country or territory, for SAR passport holders," he said.

But he indicated that the British government was not ready to commit until the eligibility, which hinges on the post 1997 permanent residency status, was resolved.

He said Britain and China would discuss the eligibility in light of the "helpful" assurance by the Chinese Foreign Minister, Qian Qichen, that those who have the right of abode in Hong Kong would have it after 1997 unconditionally.

Lai was optimistic that a visa-free arrangement would be an "achievable objective" for Hong Kong people.

Despite the solidarity, pro-democracy and pro-China camps were split on whether Britain or China was to blame for the impasse.

Moving the motion, a Liberal Party legislator, Howard Young, warned that further delay would only lower international acceptance of the new passport.

"If Britain is shilly-shally (sic), the international world will doubt if she is still confident in Hong Kong's high degree of autonomy and the credibility of the passport after 1997," he said.

Other pro-China legislators and the Association for Democracy and People's Livelihood claimed that Britain delayed its decision to increase its bargaining power in future Sino-British negotiations.

"Delaying a decision in return for more bargaining chips would only tarnish Britain's reputation and undermine Hong Kong's international image," a pro-China Preparatory Committee member, Lo Suk-ching, said.

The independent legislator Emily Lau hit out at the Director of the Hong Kong and Macao Affairs Office, Lu Ping, for his "discouraging" remarks last week that the SAR passport might be less popular than the Certificate of Identity after 1997.

She cautioned that Britain's decision to waive visa requirement would not help solve the security problem of the new passport.

Another independent legislator, Christine Loh, warned that the recent row over the exclusive rights of a Preparatory Committee member, Lo Tak-shing, to obtain a Chinese passport might dampen international confidence in the SAR passport.

She accused the British of hypocrisy and of paying lip-service to its moral commitment of ensuring the well-being of the territory under Chinese rule.

#### Hong Kong: Extradition Issue 'Not on JLG Agenda'

**HK3001063896 Hong Kong HONGKONG STANDARD in English 30 Jan 96 p 4**

[By Lily Mak]

[PTS Transcribed Text for FBIS] The government has admitted that the issue of extradition of criminal suspects between China and Hong Kong has never been included on the agenda of the Sino-British Joint Liaison Group (JLG).

A top official also said no Chinese suspect in Hong Kong had been extradited to China because of the mainland's death penalty, which is "contrary" to the territory's "beliefs and thinking".

During a joint session of the Legislative Council's panels on security and administration of justice and legal services, Deputy Secretary for Security Carrie Yau Tsang Ka-lai said the government was still hoping to discuss the issue of extradition of criminal suspects with the Chinese side.

"We hope to discuss the issue with the Chinese side," Mrs Yau said, in reply to a query by Democratic Party leader Martin Lee Chu-ming.

Mr Lee earlier pointed out that the Chinese had been handing over criminal suspects to the Hong Kong police.

Mrs Yau, however, said: "We have not done so . . . because we know that such persons would be facing capital punishment (in China) and such a practice has discrepancies with our beliefs and thinking."

Pressed by Mr Lee and independent legislator Margaret Ng Ngoi-vee on whether the government had plans to discuss . . . dition in the JLG, Mrs Yau said: "We are considering how to bring out the issue with the Chinese side, (but) we don't have a schedule yet."

Mrs Yau promised to pass along the legislators' opinions to the government. She admitted to reporters after the meeting that the two sides might not reach agreement if the government brought up the issue in the JLG now. "I do not preclude such a possibility," she said.

Mrs Yau added that the government must plan everything and be fully prepared before discussing the extradition issue with Chinese officials.

She said Hong Kong had already reached agreements with the Chinese government on the extradition of

criminal suspects with other countries, and similar discussions with the Chinese side could follow.

As to whether the issue would stay unresolved before the change of sovereignty in 1997, Mrs Yau said she hoped it would not drag on too long. She said, however, that she could not put forward a definite timetable.

Apart from the issue of extradition of criminal suspects, Mrs Yau also promised to brief legislators on the progress of discussion with the Chinese side on arrangements to require mainland law enforcement officers to testify in Hong Kong courts.

The legislators' queries came in light of a murder case involving a Hong Kong woman, surnamed Cheng whose dismembered body was found in Western harbour early last year.

The suspect, the victim's brother-in-law, fled to China where he was arrested and later extradited to Hong Kong.

Although he reportedly confessed to the crime before officers of the Public Security Bureau (PSB) in Fujian province, his testimony was deemed inadmissible in HK.

A local court later dropped the case and released the suspect.

Tsang Yam-pui, director of crime and security of the Royal Hong Kong Police Force, said the case would have prospered if the PSB officers had come to Hong Kong to give evidence.

The police learnt a lesson from the case, he admitted.

Mr Tsang said that in the future they would immediately alert PSB officers in custody of Hong Kong crime suspects so that local police officers could go there and question them.

Although legal procedures had not been resolved, Mr Tsang said the two sides would try to keep channels of communication open in the future.

#### **Hong Kong: Antitrust Law Unlikely Before Handover**

*HK2901081296 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 28 Jan 96 p 2*

[By Connie Law]

[PTS Transcribed Text for FBIS] Consumer Council chairman Edward Chen Kwan-yiu has admitted it is unrealistic to expect the Government to promise an anti-trust law before the handover.

Executive Councillor Professor Chen said that with only 500 days to go before the handover, he would hardly

expect the Hong Kong Government to have the courage to make big changes.

"It is very difficult to make China believe we are truly independent from the Government," he said, adding he had never received any instructions from the administration.

China has lambasted the council for its proposal to relax the bank interest rate.

A commentary in the China-backed Ta Kung Pao also questioned the motives for the council's suggestion of relaxing foreign ownership restriction of satellite stations.

It believed the Government was responsible for proposing such radical changes before the handover.

Professor Chen said Hong Kong was facing "an abnormal political factor" of mutual distrust between the Chinese and Hong Kong governments.

But things should improve after the handover, he said.

"The relationship will become simpler — that of a central government and a provincial government," he said.

He thought the Government would abstain from bringing changes that would have long-term ramifications before July next year.

But Professor Chen said he would not give up promoting fair trade in Hong Kong. Most developed countries had anti-trust laws. "The burden should be on the business sector to explain why Hong Kong should be an exception," he said.

He noted that the concepts of laissez faire and government non-intervention were embedded in the minds of the public and there were lots of vested business interests.

On a legislator's proposal of moving a private member's bill to outlaw monopolies, he said it would be difficult for fair trade to operate without institutional support.

If no one was charged with enforcement or investigation, the public had to rely on the court to arbitrate, which was very expensive.

Asked if he foresaw an increase in the number of monopolies after the handover, Professor Chen said a more conservative government would be more resistant to the anti-trust concept.

He believed this trend would continue but it was difficult to predict if the post 1997 economy would be dominated by guanxi (contacts) and be more tolerant of monopolies.

Taiwan had argued about it for a decade before such a law was passed in the early 1990s.

"Of course, I hope Hong Kong will not take 10 years... But we all understand it will be a long debate," he said.

The council will start writing its report on whether Hong Kong needs such a law in March. It will have a report ready by June.

#### **Hong Kong: Editorial Urges Priority for Broadcasting Bill**

**HK2501083196 Hong Kong EASTERN EXPRESS in English 25 Jan 96 p 11**

[Editorial: "Give Urgency To Broadcasting Bill"]

[PTS Transcribed Text for FBIS] Is there a craven Government opt-out on the long-awaited Broadcasting Bill to avoid trouble with China, or is the delay merely to enable them to deal with the complexities of a fast-changing technology?

The answer is academic. It is the effect of the shelving which will cause alarm in the community, and understandably so.

While China is engaged in stifling the flow of information to the mainland, it is unlikely people here will nod sympathetically at excuses of dealing with "more urgent" matters first.

Can anything be more pressing than the continued free flow of news in and out of the territory? Or the formulation of a policy which will put Hong Kong at the forefront of information technology?

In a report published by the Government on Saturday, the Consumer Council made a number of recommendations which included giving responsibility of formulating broadcasting policy to the Broadcasting Authority.

The report suggested the present two-pronged approach, in which some powers are vested in the Department of Recreation and Culture, was too haphazard, noting that the department had been outpaced by the industry's rapid technological development; a claim confirmed by the Secretary for Recreation and Culture, Brian Chau, as he explained the decision to shelve the bill.

Sceptical legislators, and the Hong Kong Journalists Association, attribute the hold-up to a more obvious hurdle than the rapid pace of technology — the "China element". This has been hovering in the shadows throughout the progress of the bill.

In the space of 24 hours last May, the Government first announced the bill was to be shelved, then declared it would be tabled "as soon as practicable". Beijing had

not been consulted about plans to control broadcasting as a single piece of legislation, and in a memorably frank admission, the then acting secretary for Recreation and Culture, Fred Ting, described it as "a half-baked chestnut cake". He admitted it had been suspended.

Few were convinced by the denial that swiftly followed.

After Tuesday's belated confirmation that the bill is redundant, people in the media are rightly concerned about the implications. The present ordinances include the contentious Clause 13C which decrees that the Broadcasting Authority may "require a licensee to refrain from broadcasting any ... material which ... would contravene any direction issued by the Governor in Council".

This oppressive clause contravenes the Bill of Rights, though it has never been applied to any radio media. However, the ordinance remains in force, and the Government has pledged to amend it. Still, it should be left to the courts to decide, as an independent legal institution, what material may be considered to contravene the guidelines laid down by the Broadcasting Authority.

This piecemeal approach has laid the Government open to charges of becoming a "lame duck" administration, highlighting the importance of removing archaic and potentially repressive ordinances well before June 1997. The likelihood that this will annoy China is no excuse for lack of action.

Another priority involves an exciting new development in broadcasting technology. In six months Hongkong Telecom will introduce an innovative Video on Demand facility. This will allow viewers to select programmes on television by calling up a digital library by telephone, as well as giving subscribers access to services such as home banking and shopping.

Such a pioneering system, in which the territory leads the world, will require legislation to amend the Television Ordinance, which Chau plans to initiate, as well as other issues such as pay-TV, by separate legislation, as a top priority.

At present, Wharf Holdings' Cable TV has an exclusive licence for the pay-TV market but this expires at the end of May, when foreign stations will be allowed to enter the market. This is a welcome move, since it will enhance the plurality of satellite television broadcasting, which is precisely what Hong Kong needs to remain in the forefront of the financial world.

The Government must press ahead regardless of the anticipated difficulties with Beijing. They must go through the Joint Liaison Group to press the case for

the Broadcasting Bill, and it may also be profitable to lobby the influential Preparatory Committee.

The committee is dominated by the business sector, which in this case, is a positive factor. International business can only prosper with access to global information. The benefits of proper broadcasting legislation should be self-evident to businessmen.

#### **Hong Kong: Patten Affirms Commitment to Press Freedom**

**HK2501073296 Hong Kong HONGKONG STANDARD in English 25 Jan 96 p 2**

[By James Kelly and Annie Chen]

[PTS Transcribed Text for FBIS] The shelving of the Broadcasting Bill does not mean the authorities have backed away from protecting press freedom before 1997, the Governor says.

The assurance followed comments made by the Hong Kong Journalists Association (HKJA), which said in a statement on Tuesday that the shelving of the bill seemed to indicate the government was shying away from safeguarding press freedom.

Mr Patten said nothing could be further from the truth. "What we are proposing is the most efficient way of tackling the top-priority tasks in this area as quickly as possible," he said.

On Tuesday, Secretary for Recreation and Culture Brian Chau Tak-hay said the long-awaited Broadcasting Bill was put on the backburner so the government could devote its energies to more pressing issues.

He said the government was busy preparing for the introduction of video-on-demand services in July and completing a review for the deregulation of pay television by May.

"Any failure to ensure the passage of these changes by the end of the current Legislative Council session will bring into question the government's desire to bring about meaningful change to provisions which are threats to press freedom," the HKJA said.

The Broadcasting Bill is intended to be an omnibus legislation bringing together all laws relating to the licensing and regulation of broadcasters.

Mr Patten said the government's commitment to press freedom was reflected in its plan to amend Section 13C of the Telecommunications Ordinance to bring it into line with the Bill of Rights, by removing the powers to prohibit programming presently vested in the Executive Council and the Broadcasting Authority and to vest these powers in the courts.

"The government has taken the view that the amendment to this ordinance is a priority and cannot wait until the more complex and comprehensive Broadcasting Bill is ready," Mr Patten said. "We will therefore be proposing amendments to Section 13C of the Telecommunications Ordinance as a separate issue and will tackle this alongside any other changes to that ordinance which are likely to be needed following the publication of the Law Reform Commission's report on the interception of telecommunications and mail."

Their recommendations are expected in a few weeks.

Mr Patten said that since 1992, the government had amended 43 of 53 provisions which may threaten press freedom.

"So any suggestion that we are somehow going slow on freedom-of-information issues is unfounded," he said.

Meanwhile, Joint Liaison Group Chinese representative Chen Zuoer denied that China had pressured the Hong Kong government into shelving the controversial Broadcasting Bill.

The former deputy secretary for Recreation and Culture, Fred Ting Fook-cheung, last year compared the bill to "a half-baked chestnut cake" and suggested the gas supply for the oven was cut to avoid a row with China.

"This is something that's impossible. The British government is responsible for ruling Hong Kong before 30 June 1997. China will only co-operate (with her)," Mr Chen said.

Mr Chen declined to say whether China would repeal amendments made to the bill in accordance with the Bill of Rights as suggested by the Preliminary Working Committee.

#### **Hong Kong: Poll Shows Confidence in Economic Outlook**

**HK2901090596 Hong Kong SOUTH CHINA MORNING POST in English 29 Jan 96 p 1**

[By Jonathan Braude and No Kwai-Yan]

[PTS Transcribed Text for FBIS] Public confidence in Hong Kong's economic outlook has bounced back since last October, according to the latest quarterly survey commissioned by the South China Morning Post.

The quarterly confidence index, conducted by Survey Research Hong Kong (SRH), shows an improvement in the public's perception of the general economic climate and the outlook for their personal financial situation.

The findings, based on a random telephone interview of 1,062 people between 15 and 64 years of age, pushed

the economic confidence index up from a low of 73 last October to 76 at the latest reading.

Half the respondents saw the economic situation as good or average, while the other half saw it as bad, compared to 53 per cent last quarter.

There was improvement in perceptions of the economic outlook for the next 12 months and respondents' personal financial situations over the same period.

Government House spokesman Kerry McGlynn said the improvement showed the "feel-bad factor" was dissipating in the face of continued growth and the stabilisation of the unemployment rate.

SRH commented that the 15-to-24 age group was the most positive "possibly due to the fact that most of them are the non-working population who do not have personal income".

But findings saw a slight drop in the political confidence index — down from 87 last quarter to 86 this month — the lowest since June 1989.

Although 61 per cent of respondents continued to express some confidence in the territory's political future, 73 per cent had responded positively a year ago.

Mr McGlynn said there was a growing need for Chinese officials and their advisers to make "the kind of decisions and statements that will boost the community's confidence in the political future".

Democratic Party chairman Martin Lee Chu-ming said the survey meant Chinese leaders "must reverse their hardline policy towards Hong Kong and stop threatening our institutions such as Legco [Legislative Council]".

Independent legislator Emily Lau Wai-hing said she believed the sour public mood showed people had realised from the democracy camp's virtual exclusion from the Preparatory Committee that anyone who expressed dissident views would be sidelined.

But Gary Cheng Kai-nam, Party Secretary of the Democratic Alliance for the Betterment of Hong Kong, argued that people were frustrated over the economic situation.

"It's not politics," he said, "but they perceive it's political."

"People think their fears over jobs and loss of income are because of the approach of 1997."

"It's too easy to blame everything on political reasons," Mr Cheng said.

The survey showed a relatively high level of awareness (83 per cent) of the existence of the Preparatory Committee although about 65 per cent of respondents did not know what it was set up to do. As the survey

was taken before last week's formal sessions in Beijing, the situation is likely to have changed.

#### Hong Kong: Editorial Notes Rise of Confidence in Economic Outlook

**HK2901093596** *Hong Kong SOUTH CHINA MORNING POST* in English 29 Jan 96 p 16

[Editorial: "Feeling Good Again"]

[PTS Transcribed Text for FBIS] After two years of doom and gloom, the feel-bad factor finally seems to be starting to fade. The latest quarterly opinion survey shows a rise in economic confidence. Its index level now stands at 76, up from 73 last October. This is still far below the peak of 95, recorded in January 1994, before the recent wave of pessimism set in. Yet it is the first rise in economic confidence for two years and hopefully a sign of better things to come. Not that the economic situation has improved. The retail sector is still suffering. Unemployment has hardly fallen and more lay-offs are likely in the run-up to Lunar New Year.

But since so much of the recent economic slowdown has been a self-fulfilling prophecy, as increasing pessimism prompted a drop in consumer spending, this revival in confidence, if sustained, should be enough to provide a modest stimulus. It also shows the volatility of public opinion. Confidence plummeted and is now starting to rebound, despite the lack of any corresponding changes in the territory's economic fundamentals. These remained healthy throughout. The same applies to political confidence, although this has yet to record a similar rebound. Its index level is 86 in the latest survey, marginally down from 87 last October, and the lowest since the Tiananmen crackdown in 1989. However, polling was completed on January 12, before recent conciliatory statements by Chinese leaders.

The latest instance of these was Vice-Premier Qian Qichen's weekend call for Preparatory Committee members to try to win over the hearts and minds of Hong Kong people. In stressing the importance of setting aside sectoral interests in pursuit of the overall interests of the territory, he was continuing a trend apparent since senior official Lu Ping's New Year message, of recognising more must be done to reassure the community.

The need for this is reinforced by the volatility of public opinion demonstrated in the latest survey. Beijing needs to do very little to dispel the prevailing political pessimism. Mainland officials have already moved a long way in this direction since the start of the year, and the results of their efforts can be expected to filter through in subsequent surveys.

But further reassurances can do no harm. Instead they can help to ensure that political and economic confidence rebound in tandem.

**Hong Kong: Patten Urges Committee To Speak Up for People**

**HK2901093196 Hong Kong HONGKONG STANDARD in English 29 Jan 96 p 2**

[By Dominic Lau]

[PTS Transcribed Text for FBIS] Governor Chris Patten has called on the Preparatory Committee to speak up for the people of Hong Kong.

The 150-strong committee ended its first plenum in Beijing on Saturday.

Its leader, Chinese Vice-Premier Qian Qichen, warned members to refrain from protecting their own interests at the expense of the public.

Mr Patten said: "I hope that it will demonstrate its credibility by the extent to which it speaks up for Hong Kong and represents the opinions of Hong Kong."

The Governor, speaking after the Walk for Millions yesterday, added it was disappointing that the Democratic Party, flagship of Hong Kong's democracy movement, was not represented on the committee.

"But I very much hope that through its own work and through its efforts and through the extent to which it reflects opinion in Hong Kong, it will show its credibility.

"We obviously all want it to do a good job."

He reiterated that the Hong Kong government would co-operate with the Preparatory Committee on transitional issues.

"If in the meantime the Preparatory Committee wants information or assistance, we'll be providing that in the most transparent way possible."

But Mr Patten did not elaborate on the criteria for the government's co-operation.

"We've made it clear that the liaison office will be the point of contact with the Preparatory Committee," he said.

"I am sure that we'll work out sensible arrangements for cooperation on a more extensive range of issues once there is a chief executive-designate and a team-designate because there will be far more practical business of government to get on with."

**Macao**

**PRC: Economic Exchanges With Macao Viewed as Beneficial**

**OW2701231096 Beijing XINHUA in English 1739 GMT 27 Jan 96**

[XINHUA Roundup: "Exchanges Benefit Macao, China's Mainland"]

[FBIS Transcribed Text] Macao, January 27 (XINHUA) — The growing exchanges between Macao and China's mainland over the past decade have benefited both sides in economic terms.

China's policy of reform and opening to the outside world has greatly helped boost Macao's economic growth, local analysts said at a recent seminar on economic exchanges between Macao and the Chinese mainland.

They pointed out that since the early 1980s, a large amount of capital, new technology and laborers have entered Macao following the establishment of the Zhuhai Special Economic Zone which borders Macao.

Several leading company groups in Macao, like the Yangcheng and the Nam Yeu, have all been originated from China's Guangdong Province and are playing an important role in Macao's economic life, the experts say.

Tourism, a leading profit-earning sector in Macao, also benefited from economic growth in the Chinese mainland. More than 340,000 mainland citizens traveled to Macao between 1980 and 1994, contributing to the boom of tourism in Macao over the past decade.

Official figures from the Macao government show that in 1995 alone, the number of mainland tourists to Macao increased by 149 percent over 1994, ranking only after the number of Hong Kong and Japanese tourists. But, a survey shows that mainland tourists did the largest share of shopping in Macao.

Meanwhile, more than 70 percent of the investment in real estate industry in Macao come from China's mainland, especially, the Pearl River Delta (PRD) centering Guangzhou.

Yang Tao Kueng, a scholar from the Macao Economic Sciences Society, said at the seminar that many Macao businessmen have helped the PRD by resettling their factories in the mainland, due to its cheap cost of laborers.

As joint ventures were established, Macao businessmen brought with them capital, technology and new way of

management, which enhanced economic development of China's local industry.

So far, China's mainland remains a leading import market for Macao, as farm produces, daily-use goods and garments produced in the mainland are well sold in Macao. Macao also serves as an entrepot trade center for mainland products.

After China resumes its exercise of sovereignty over Macao in 1999, said Yang, the exchanges between the mainland, Hong Kong and Macao are expected to be increased.

The three can cooperate on a wide range of issues, such as in major projects, finance, labor, information service and education, he added.

**PRC: Bank of China To Help Readjust Macao Economy**

*OW2901154896 Beijing XINHUA in English  
1455 GMT 29 Jan 96*

[FBIS Transcribed Text] Macao, January 29 (XINHUA) — The Macao branch of the Bank of China (BOC) will make great efforts to help Macao readjust its economy

and ensure a healthy development, a top bank official said.

Wang Zhenjun, general manager of BOC Macao Branch, told reporters today that his bank will take earnest efforts to exercise its duty as the currency-issuing bank, and play a bigger role in the economic development of Macao and the peaceful transition of Macao to its motherland in over three years time.

"We will improve our macro-management of loans, and take the support of local industries, residents' purchasing of residential houses and trade and financing as the priorities of our operation this year," he said.

He foresees that Macao's economy will maintain a lower but steady growth rate this year, and the economic growth will remain at about the same level of last year.

The bank began to issue local currency pataca last year along with a Portuguese bank.

Wang said that bank saving of his bank grew 7.5 percent last year over that of the previous year, while the bank loans increased 6.4 percent. Profits rose about 10 percent.

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